

U.S., Spain to Begin Treaty Negotiations

By Anthony Winning

MADRID — The United States and Spain will begin sensitive negotiations here on Tuesday to renew their five-year-old military treaty, and the Spaniards are expected to push the Americans for a more advantageous deal.

The 1976 friendship and cooperation treaty, which gives the United States the use of four military bases, was negotiated just before the death of dictator Francisco Franco. Many Spaniards believe the treaty, first signed in 1953, helped prop up Franco, and Spanish authorities want the new treaty to take into account their recent status as a Western democracy and a candidate for membership in NATO and the European Economic Community.

"We do not want the same treaty that we signed in 1976, for obvious reasons," said one Spanish official close to his country's negotiating team.

The 1976 treaty, which expires in September, has been worth about \$1.5 billion to Spain in American loans and grants, mostly in the form of credits for Spanish military purchases and industrial projects.

In return, Madrid has continued to allow more than 8,000 U.S. servicemen to operate major air force bases at Zaragoza and Torrejon in northern and central Spain and a naval base at Rota, in the south. A fourth base at Moron, also in the south, is maintained on standby. The bases are Spanish property.

More Aid Sought

While satisfied with some aspects of the treaty, Spanish officials have made it clear that they expect a more generous offer of U.S. aid this time to help them modernize their armed forces ahead of planned entry into NATO.

2 Families Reported Killed in Philippines

ZAMBOANGA, Philippines — Heavily armed men killed 11 persons in separate massacres of two families in the southern Philippines, authorities said Monday.

At Kumalarang in Zamboanga del Sur province, 500 miles (800 kilometers) south of Manila, unidentified men broke into a house Friday and shot to death five members of the household, including a 2-year-old boy. At Bongao Island in the Sulu Archipelago, guerrillas of the separatist Moro National Liberation Front on Friday killed a family of six, including three children, police said.

Spain is also expected to insist that the United States commit itself to a substantial program of technology transfer to provide more business and employment in the Spanish armaments industry.

Spain is reliably reported to be considering the purchase of 144 modern fighters to replace its aging U.S.-built Phantoms and other aircraft for a contract estimated to be worth \$2 billion. Spanish officials say the question of which fighters they want to buy could well come up in the negotiations.

The U.S. negotiating team, headed by the ambassador to Madrid, Terence Todman, has given few hints about the position it will take in the talks, which are expected to last several months.

Mr. Todman has said only that the agreement will reflect Spain's status as a democracy and the need for a continued U.S. military presence in the country. While that presence is not popular in Spain, there is no substantial campaign to have American troops sent home.

Separate From NATO

Spanish officials say that they will keep their talks with the United States separate from their plans to join NATO.

Premier Leopoldo Calvo Sotelo and his centrist government have made Spanish membership in the Western alliance a policy priority, and officials in Madrid expect to make a formal application before the end of this year.

But the leftist opposition is against Spain's membership, and the issue is becoming more controversial as the public debate gathers momentum.

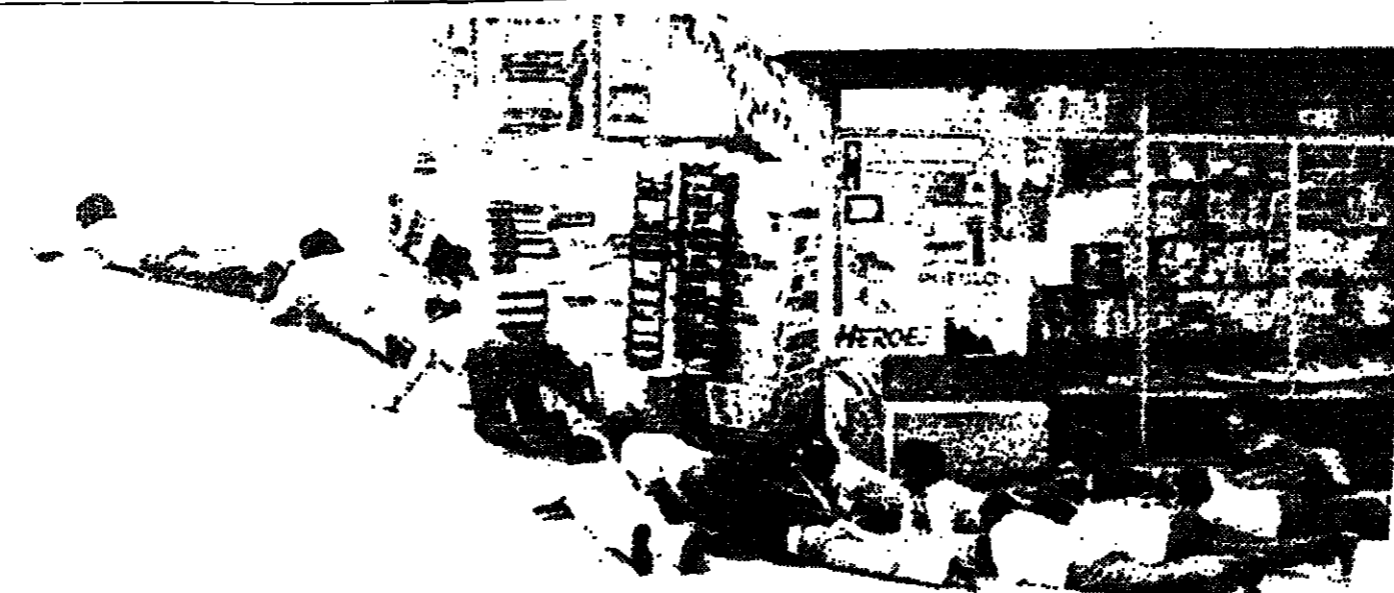
A program on NATO membership shown on the state television network last week drew charges of government censorship and unfair propaganda in favor of joining the alliance.

The government is resisting demands for a referendum on joining NATO and insists that a parliamentary majority in favor is enough support membership.

But the Socialists, the biggest opposition group, have warned that if the government joins NATO on a parliamentary vote, they will take Spain out if they get into office.

4 in Italy Hold Up Van

ROME — Four armed bandits, claiming they were members of the Red Brigades, held up a van of a wholesale supermarket on Monday south of Rome and made off with 300 million lire (\$500,000), police reported.



Hostages crawling past a newsstand to safety after police freed them from gunmen at the Banco Central in Barcelona.

Neo-Fascists Held in Spain After Attack on Bank Fails

(Continued from Page 1)

seizure ending in considerable violence.

A bloody finale would have been another harsh blow to Spain's fragile democratic institutions, already under heavy strain since the shock of the attempted putsch. Earlier this month an outbreak of violence from the far left claimed the lives of seven military and security personnel, stirring deep anger in the armed forces.

"The attack on the Banco Central," wrote Pedro J. Ramirez, edi-

tor of the daily *Diario 16*, "may in fact be the first act in this escalation of black terrorism that, according to all the manuals of destabilization, must break out to join with the revolutionary violence of ETA and GRAPO to put us in a pincers from which we will have trouble freeing ourselves."

The Basque terrorist organization ETA has shown signs of wanting to step up its campaign of assassinations. GRAPO, a small, supposedly far-left group, has killed four persons this month.

Hussein Goes to Moscow

AMMAN — King Hussein of Jordan left Amman for Moscow on Monday to begin a state visit to the Soviet Union.

Soviet Embassy Is Reported Hit

The Associated Press

NEW DELHI — Afghan Moslem insurgents fired several rockets into the Soviet Embassy compound in Kabul on Sunday and the main building was hit, a traveler arriving from Afghanistan reported Monday.

The traveler, quoted by Afghan exile sources in New Delhi, said he did not know the extent of damage to the embassy or whether there had been casualties. The traveler declined the use of his name or position, explaining that he intends to return to Kabul, the exiles said.

There was no independent confirmation of the attack against the embassy, the main symbol in Kabul of the Soviet presence in Afghanistan, which includes an estimated 85,000 troops and many government and technical advisers.

4th Maze Striker Buried; Ulster Militiaman Is Slain

From Agency Dispatches

LONDONDERRY, Northern Ireland — Patrick O'Hara, the Irish nationalist guerrilla who died last Thursday in a hunger strike at Maze prison, was buried here Monday in a military-style funeral. He succumbed after a 61-day fast. The fourth hunger striker at the Belfast prison to die this month.

His brother Tony, on parole for the day from the prison, helped carry the coffin from the Roman Catholic parish church in Londonderry's Creggan district.

Tourist Finds Feat in Greece Tough on Feet

The Associated Press

ATHENS — A British tourist, one of the hundreds who each May visit the village of Langada in northern Greece to watch a traditional firewalking ceremony, Monday was recovering from third-degree burns after trying it himself.

Witnesses said George Robert Mills, 29, a mechanic from London, shucked off his shoes and leaped onto the hot coals. Moments later he jumped off, having severely burned the soles of his feet.

Mr. Mills said he had tried the firewalking "out of curiosity." He apparently had thought the ceremony by villagers in a trance-like state was a fake.

Schlesinger Criticizes U.S. Allies

(Continued from Page 1)

United States in war by ensuring that any hostilities quickly escalated to nuclear exchanges involving Soviet territory — followed by Soviet retaliation against the United States.

For this reason, Mr. Schlesinger said, European leaders had pressed the United States to extend the range of its European-based tactical missiles so that Moscow could not entertain any illusion that it would be spared if it attacked Europe. At the same time, the threat to the Soviet territory meant that the United States could have no hope of remaining safe from nuclear retaliation.

But the new U.S. risk has a price, he said. At a time when the United States was engaged in defending Western interests in the Gulf and elsewhere, he said, European countries needed to join the Reagan administration in improving their military strength and anti-Soviet determination.

"If European governments fail to carry out a European strategy and also let their defense budgets drop," he said, "then they will be perceived by U.S. taxpayers as unwilling to bear the minimal costs and share the risks" essential to continued cooperation.

Police Station, Railway Blasted In South Africa

The Associated Press

JOHANNESBURG — Presumed black nationalist guerrillas attacked a police station with grenade near East London and blew up railway track near Johannesburg and Durban early Monday, police said. No casualties were reported.

Police said raiders also used AK-47 assault rifles in the attack on a small police station at Fort Jackson, seven miles from East London.

An explosion knocked out a yard of track and disrupted commuter services for about five hours between Johannesburg and the elite black township of Soweto. A blast near Isipingo south of Durban disrupted service on the main southern coastal line.

Rail Attack Claimed

PARIS (AP) — Oliver Tambo, president of the African National Congress, Monday told a United Nations conference in Paris on economic sanctions against South Africa that his black nationalist organization was responsible for the sabotage of the railway line near Johannesburg. The ANC is banned in South Africa.

Five Journalists Freed in Kenya

The Associated Press

NAIROBI — Five editors and reporters of East Africa's biggest newspaper group were reported to have been released from police custody Monday after being charged with publishing seditious material.

The Nation newspaper group refused to comment, saying only that the three editors and two reporters who spent 72 hours in police custody had been freed pending unspecified investigations. The police declined to comment on the charges.

President Daniel Arap Moi, angered by reporting of a doctors' strike in Kenya, accused the newspaper group last Friday of attempting to create uneasiness in the country, and threatened to ban the papers "if this attitude persisted." Cabinet ministers have kept up the attack, accusing the papers of opposing the government.

Sri Lanka Politician Wounded by Gunman

United Press International

COLOMBO, Sri Lanka — Suspected terrorists shot and critically wounded a ruling United National Party political candidate in northern Sri Lanka, police said Monday.

Former member of Parliament, A. Thairagarajah, 63, was shot by a gunman Sunday night as he was leaving a political meeting at Chankana in north Sri Lanka. His condition was listed as critical Monday after he underwent an emergency operation at a local hospital, police said.

Poland Assails Critics Of Russian Soldiers

The Associated Press

WARSAW — Poland's government said on Monday that recent improper attitudes and "occasional insult" toward Soviet troops stationed in the country "undermine the confidence in our ability to cure our social and economic life."

The statement over Warsaw television came as an estimated 15,000 persons marched in the city without incident to demand freedom for a handful of political prisoners. Marches with the same demands took place in several other cities.

'Improper Attitude'

The tough statement from the council of ministers, carried by the official news agency Pao, appeared to be a response to recent criticism of Soviet troop activity carried in newsletters of the independent union Solidarity.

"Recently there have been cases of an improper attitude and especially the launching of incorrect charges and irresponsible demands and even occasional insult towards Soviet soldiers," Warsaw television said.

An earlier version of the quote, carried by Pao and apparently read over television, contained the words "occasional assaults" on the Soviet troops. Pao later corrected both its Polish and English-language version of the quote.

The council of ministers was quoted as saying that the criticism and insults, which were not specified, were "inadmissible," the statement said.

The statement also noted that "very disquieting" incidents of increased crime, disturbances of public order and "slackening of social discipline" had emerged. It repeated past assertions that there had been "interference" with the actions of the police.

The council said the danger was heightened by "many politically subversive phenomena," including public demonstrations, leaflets and posters opposing the principles of the Socialist state. The report, however, gave no specifics.

Lublin, Opole, Lodz

The marches, organized by the independent students association and a group for prisoners' rights sponsored by the independent union Solidarity, also took place in Lublin, Opole, Lodz, Torun, Bielystok, Wroclaw and other cities, student spokesmen said.

Solidarity, some intellectuals and religious and academic leaders had tried unsuccessfully to convince the students in Warsaw and elsewhere to confine the protests to university campuses.

A communique issued by the organizers said student representatives and a parliamentary deputy, Jan Szaezepanski, had reached an agreement earlier Monday that a parliamentary commission will examine the health of several prisoners and consider for possible pardons two others.

City officials had refused to issue the marchers a permit, but the marchers decided to continue without one.

2 Suicides Reported

WARSAW (Reuters) — Two former members of the Polish government, former Foreign Trade Minister Jerzy Olaszewski and former Building Minister Edward Barszcz, have committed suicide, the official news agency Pao reported Monday.

Mr. Olaszewski, 60, who has been closely associated with former Communist Party chief Edward Gierek, had been criticized publicly for his ministry's share of responsibility for Poland's present economic crisis. The Building Ministry, which Mr. Barszcz headed for less than a year, has also been heavily denounced. Mr. Barszcz, 53, was formerly mayor of Krakow.

Volcano in Pacific Spews Smoke, Lava

The Associated Press

AGANA, Guam — Mount Pagan erupted twice during the weekend, spewing huge clouds of smoke and ash and producing a new lava flow 1,000 feet wide and 20 feet deep which caused further devastation to the remote Pacific island of Pagan 300 miles (480 kilometers) north of here. No injuries were reported.

A small team of scientists from Hawaii who were on the island studying the volcano reported they were safe after the two new eruptions. All 53 Pagan residents were safely evacuated after the volcano erupted May 15 for the first time in 55 years.

WORLD NEWS BRIEFS

2 Italy Party Chiefs Say Government Will Fall

ROME — Italy's seven-month-old government is about to collapse, the leaders of two of the four parties that are members said on Monday.

"The government crisis has arrived," said Social Democratic Party Secretary Pietro Longo. The Republican secretary, Giovanni Spadolini, said: "In my opinion the government will fall tomorrow."

The crisis was brought on by the disclosure last week that nearly 1,000 Italians, many of them prominent in government and armed forces, were members of a secret Masonic lodge called *Propaganda Due*, or P-2, for short. The lodge has been implicated in a variety of criminal activity and the government of Premier Arnaldo Forlani has been shaken.

Demonstrators in India Protest Rising Prices

NEW DELHI — Thousands of opposition party members staged rallies Monday in Indian cities to protest rising prices. In New Delhi, several thousand members of the Bharatiya Janata Party heard the party president, Atal Behari Vajpayee, blame government policy for the price increases and charge that law and order had deteriorated under Prime Minister Indira Gandhi.

The crowd then marched several blocks, and when stopped by a police cordon near the Parliament building they made a half-hearted attempt to break through. Then they turned and boarded 60 buses arranged in advance by police.

The United News of India reported similar demonstrations by the party in at least half a dozen other cities. The protests climaxed a week of protests against price rises. Inflation in India is running about 16 percent a year.

Hamburg Mayor Resigns on Nuclear Issue

HAMBURG — Mayor Hans-Ulrich Klöse announced his resignation Monday, citing disputes over the construction of a nuclear power plant near here, Peter Schulz, the chairman of the Hamburg City Council said.

Mr. Klöse, a member of Chancellor Helmut Schmidt's Social Democratic Party, said in a letter that he could not go along with the council's decision to resume construction of the Brokdorf nuclear plant, located 40 miles northwest of Hamburg on the Elbe River.

Mr. Klöse voiced opposition to the project in February, when the government of the state of Schleswig-Holstein, the other major partner in the project, called for resumption of plant construction. Mr. Klöse and the government of the state of Hamburg wanted a two-year moratorium to allow time for further safety studies of the project.

Polisario to Free Prisoners in Sahara Conflict

ALGIERS — The Polisario Front, a guerrilla organization fighting for control of the former Spanish Sahara, announced Monday it planned to release prisoners taken in its five years of warfare against Morocco.

Mohamed Abdelaziz, secretary-general of the Algerian-based Polisario Front, said the release would be made soon "as a sign of solidarity and good will toward the Moroccan people."

Mr. Abdelaziz, in a speech marking the eighth anniversary of the beginning of the struggle against Spain in the Sahara, did not specify how many prisoners would be freed.

Greek Cypriot Communists Take Early Lead

NICOSIA — The Communist Party of Greek Cyprus, Akel, took an early lead Monday as the vote was counted after Sunday's elections to the 35-seat House of Representatives.

The party leader, Ezekias Papaioannou, was the first winner of a seat. With 206,880 votes counted, Akel had 68,294 votes, or 33 percent. The pro-Western Democratic Rally led by Glavkos Clerides followed with 31.7 percent. Full results were not expected until Tuesday.

Israeli Minister Threatens to Leave Party

TEL AVIV — Religious Affairs Minister Aharon Abuhazzeira, who was acquitted Sunday by a Jerusalem court on bribery charges, Monday warned leaders of the National Religious Party that he might defect and head a rival religious slate in next month's parliamentary elections unless the party drops its longtime leader, Yosef Burg, from its list of candidates.

Mr. Burg, as interior minister in the Begin government, bore parliamentary responsibility for the functioning of the police, whom Mr. Abuhazzeira accused of brutal interrogation and character assassination by leaking rumors to the media. Party officials who conferred with Mr. Abuhazzeira said that he was embittered because he felt that Mr. Burg had been aware of what was going on and had done nothing to stop it.

Mr. Abuhazzeira's supporters have collected the 1,500 signatures needed to endorse a list of candidates if he decides to run separately. Entries for the June 30 elections close at midnight Tuesday. The National Religious Party executive last week chose 13 top candidates, headed by Mr. Burg, with Mr. Abuhazzeira in fourth place.



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Who wouldn't want to be in your shoes? Especially when those feet will be taking you to the famous cheese markets, flower auctions, gorgeous canals, windmills, and a Van Gogh or two. So share it all with your family and friends back home. But before you make that call, here are some guilder-saving tips.

SAVE ON SURCHARGES
Many hotels outside the U.S. charge exorbitant surcharge fees on international calls. And sometimes the fees are greater than the cost of the call itself. But if your hotel has TELEPLAN, the way to keep hotel surcharges reasonable, go ahead and call. No Teleplan? Read on!

There are other ways to save money.
SAVE WITH A SHORTIE
In most countries there's no three-minute minimum on self-dialed calls. So if your hotel offers International Dialing from your room, place a short call home and have them call you back. The surcharge on short calls is low. And you pay for the call-back from the States with dollars, not local currency, when you get your next home or office phone bill.

SAVE THESE OTHER WAYS
Telephone Company credit card and collect calls may be placed in many countries. And where they are, the hotel surcharges on such calls are usually low. Or, you can avoid surcharges altogether by calling from the post office or from other telephone centers.

SAVE NIGHTS & WEEKENDS
Always check to see whether the country you're in has lower rates at night and on weekends. Usually the savings are considerable.

Now that you've learned to walk on wood, you've saved a little shoe leather. And now that you've learned the calling tips, you'll find it easy to foot the phone bill.

Bell System

Reach out and touch someone

Handwritten signature or mark at the bottom of the page.

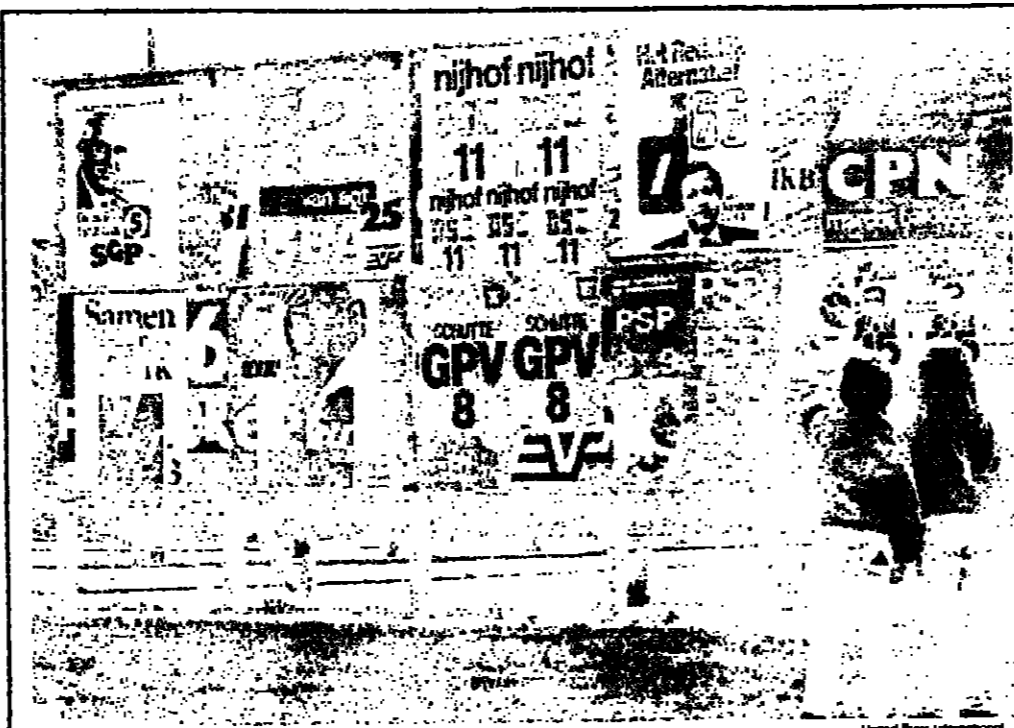
Haig Calls for Action Against Soviet Moves

The Associated Press
FAIRFIELD, Conn. — Boycotting by some faculty members and angry protests by students, Secretary of State Alexander M. Haig Jr. told graduates of Fairfield University that the United States is opposed to Soviet intervention in Third World countries as "an act of aggression and a violation of an act, a task of humanitarianism."

Mr. Haig's speech on Sunday, held a peace-through-strength theme. He argued that Third World countries will develop freely if Soviet intervention is met with determination. "Our legacy to the other and to the developing world must be to provide an environment in which growth can occur worldwide," Mr. Haig said.

Soviet intervention, he added, "crosses the prospects for development, takes a terrible toll of human suffering, alters the calculus of other nations, threatens strategic interests and makes achievable a just and responsible relationship with the Soviet Union itself."

Faculty Members Leave
 As the former NATO commandant to receive an honorary doctor of laws degree, 22 faculty members left the commencement ceremony.



CHOICES — Children look over election posters in Amsterdam where about 10 million Dutchmen are expected to vote Tuesday in general elections, choosing among 30 political parties. Two, the Christian Democrats and Labor, are expected to lead in the balloting.

Ecuador's President, Wife Die in Andes Plane Crash

From Quito, Ecuador
QUITO, Ecuador — President Jaime Roldos Aguilera and his wife, Defense Minister Marco Suba Martinez and six others were killed Sunday when their air force plane crashed into a mountain peak near the southern border with Peru and exploded, it was announced.

Vice President Oswaldo Hurtado assumed the presidency. The crash reportedly occurred in dense fog and rain. There were no survivors aboard the British-made Avro twin-turboprop plane.

As hundreds gathered in the rain outside the National Palace, Mr. Hurtado called the Cabinet into session inside. The president of the House of Representatives, Raul Baca Carbo, became vice president.

The government declared an eight-day period of national mourning and suspended classes at all schools.

Decade of Dictatorships
 The election of Mr. Roldos two years ago ended a decade of dictatorships for the 8 million people of this Andean country on the northwest coast of South America.

President Reagan said in a message to Mr. Hurtado: "The American people and I have been shocked and saddened to learn of the tragic deaths of President and Mrs. Jaime Roldos Aguilera and the minister of defense and his wife, Maj. Gen. and Mrs. Marco Suba Martinez. Please accept our deepest condolences and our sympathy as we join the Ecuadorian people in mourning this terrible loss."

Mr. Roldos, 40, was on his way to the southern border town of Zapotillo for a military ceremony commemorating the 15th anniversary of the battle of Pichincha, the final victory in Ecuador's fight for independence from Spain. He had spoken earlier Sunday at an anniversary celebration in Quito's Atahualpa stadium.



Jaime Roldos Aguilera

His election was soon followed by a return to democracy in Peru, where former president Fernando Belaunde Terry, overthrown by the military in 1968, was re-elected. It was doubly embarrassing, therefore, when the two resurgent democracies began shooting at each other along an undermarked section of their mountainous border.

Peru insisted that Ecuadorian troops invaded, hinting that Mr. Roldos might have sought a foreign diversion because of difficulties with Mr. Bucaram at home. Mr. Roldos said Peru had attacked an Ecuadorian village. The dispute activated a 1942 treaty whose guarantors, including the United States, negotiated a cease-fire that is now holding after initial difficulties.

Zimbabwe Sees Potential Black Rule in Pretoria

The Associated Press
PRETORIA — The acting prime minister of Zimbabwe, Robert Mugabe, said Monday that black Africa would resist "backlash and aggression" and that the black majority rule on South Africa, which he said had "the most aggressive state machinery in the world," was a "major threat to the stability of the continent."

Mr. Mugabe, who is standing for re-election as prime minister, stopped short of saying that Zimbabwe would allow black nationalist guerrillas from South Africa to set up bases in Zimbabwe.

Mr. Mugabe said that his government would not allow black nationalist guerrillas from South Africa to set up bases in Zimbabwe, as has been done against Mozambique and Angola, if Mr. Mugabe's guerrilla bases to be set up.

No weapons, no threats or maneuvers will be able to stop the liberation of Namibia (South-West Africa) and South Africa," Mr. Mugabe said in a speech broadcast in connection with the 18th anniversary of the formation of the Organization of African Unity.

U.S. Median Age Climbing, Census Finds

By John Herbers
New York Times Service
WASHINGTON — The 1980 U.S. Census found 25.5 million people aged over 65, which was 28 percent more than in 1970, and the Census Bureau sees the median age continuing to rise in the decades ahead.

During the decade that ended in 1980, the median age in the United States — that at which half the population is younger and half is older — rose to 30 years from 28 because the number of elderly people increased while the number of children under 15 dropped to 51 million from 58 million.

The statistics released in a report Saturday, along with social and scientific trends, portend a sharply rising median age over the next three decades, census officials said.

The figures also show 6 million more females than males in the population, largely because women live longer. The count, conducted in April, 1980, showed 116,472,530 women to 110,032,295 men.

Florida Oldest
 The large increase in the number of people over 65, which far exceeded the 11-percent growth rate for the U.S. population as a whole, is attributed to advances in medical science, nutrition and economic security.

Florida had the highest median age, 34.7 years, because of the number of people who retire there.

For the entire Northeast the median age was 31.8. It was 29.7 in the South, 29.6 in the Middle West and 29.3 in the West. Utah had the lowest median age of any state, 24.2, in part because of the relatively large numbers of children in Mormon families, according to the Census Bureau.

Whites had by far the highest median, 31.3. For Asians the median was 28.0; for blacks, 24.9; for people who listed themselves as of Hispanic origin, 23.2; and for American Indians, Eskimos and Aleutian Islanders, 23.

During much of U.S. history the age groups made almost a perfect pyramid, with each succeeding year of age showing uniformly fewer people until there were only a few at the pinnacle. In recent years that has changed.

In the Great Depression of the 1930s the birthrate dropped sharply, probably because of the reduced ability of many families to support children. The generation of that period is now in its 40s, and its size is surpassed by the number of people in their 50s. In 1980 there were 11 million people aged 45 to 49, whereas there were more than 12 million in 1970.

A greater distortion in age groups was caused by the "baby boom" after World War II, when large families were in vogue. In the 1970s many members of that generation turned 30, and when the 1980 count was made there were 37.1 million people aged 25 to 34, up from 24.9 million in 1970.

In 1957 another decline in fertility began and continued into the 1970s. In 1960, when the total population was 180 million, there were 20 million children under age 5. By 1970 that age group had dropped to 17 million, and by 1980 to a little over 16 million. From 1970 to 1980, even greater declines were registered for children from 5 to 14 years old. Meanwhile the number of persons over 65 doubled from 1950 to 1980.

Since the "baby boom" generation, which far outnumbered the Depression generation ahead of it, is approaching middle age and there is little prospect of a sharp upturn in the birth rate, the Census Bureau projects a national median age of 36 by the year 2000 and 38.4 by 2010.

The margin of females over males is relatively new in U.S. history. When the country was developing and immigration was at its height, the influx of single men resulted in a predominance of males. In 1910 there were 106 males for every 100 females. As late as 1940, men still held a slight margin, but in 1950 there were 98.6 males for every 100 females and the trend has continued. In 1980 there were 94.4 males for every 100 females.

Bolivian Troops Stage 2d Revolt Against Regime

United Press International
LA PAZ — A paratroop unit in Bolivia's third largest city surrounded a loyalist garrison Monday and demanded the surrender of the garrison's commander, the second military challenge in two weeks to the regime of President Luis Garcia Meza.

"The uprising has been consolidated," a rebel officer in the western city of Cochabamba said by telephone.

Government sources said there were unconfirmed reports of other military uprisings in the city of Santa Cruz and in rural areas outside La Paz.

The paratroopers were reported to be under the command of Lt. Col. Emilio Lanza, who also led the last revolt in an attempt to force Gen. Garcia Meza to resign. Gen. Garcia Meza, who came to power in a coup d'etat last year, canceled a trip to the city of Sucre to deal with the military threat.

Yugoslav Accusation Rejected by Albania

The Associated Press
TIRANA, Albania — Albania has termed as unjustified Yugoslav claims that two explosions in the Yugoslav Embassy here were the work of outsiders, the Albanian state news agency ATA reported Monday.

Yugoslavia protested the two explosions Saturday and the Yugoslav news agency Tanjug claimed two bombs were thrown at the embassy terrace from the outside. ATA said location of the two small blasts close to a kitchen terrace was too far from the embassy wall to have allowed an outsider to have thrown explosive devices.

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The 1981 Rolex Awards for outstanding enterprise.

The Rolex Awards for Enterprise is an international award scheme. Its aims: to provide financial help and special encouragement for individuals whose projects have broken new ground in their chosen fields. Projects which capture that spirit of enterprise which has been such a characteristic of the development of the Rolex watch.

After much thought and consideration, the international selection committee have made their decisions. So here are the five award winners of 1981 with a résumé of their projects.

Let the Sperm Whale live. Milan Mirkovic.

Mr. Milan Mirkovic, an Australian living in Perth, has devised a novel irrigation method for the growing of the Jojoba bush.

The Jojoba nut contains an oil which is almost identical in properties to Sperm Whale oil and therefore could become a commercial alternative to Sperm Whale slaughter.

But, as the Jojoba thrives in hot and arid deserts, the traditional methods of field planting involving continuous irrigation and fertilising have proved to be prohibitively expensive.

However, Mr. Mirkovic has developed a new method of cultivation. He uses containers filled with earth and a water absorbent polymer which holds 1,000 times its own weight of water. This dramatically reduces the cost of irrigation and will make the cultivation of the Jojoba a commercial possibility.

Mr. Mirkovic's 1981 Rolex Award for Enterprise is one step towards bringing the slaughter of Sperm Whales to an end.

Safer forests, better land. André Martin.

In mute testimony to the awesome destructiveness of forest fires vast tracts of ravaged and eroded land lie across the Mediterranean basin. In France, André Martin has developed a unique scheme to help prevent such damage in the future and to help return such lands to their original fertility.

He knew that "cleaning" forests of fire-supporting dead wood, scrub and undergrowth reduced the risk of fire, but the process was prohibitively expensive.

So, André Martin devised a new method of composting that could

turn these forest wastes into valuable, organically rich humus, an excellent natural fertiliser.

Leaving his native Switzerland in 1975, Martin (now a French citizen) bought 200 acres of fire-damaged farm-and-woodland in Southern France to prove his method's worth. With a small team of helpers he is clearing the woods and composting the forest wastes into humus. The humus is sold commercially and used to restore his own land, which once again is producing agricultural and forest products. He has proven his system protects forests, helps restore land and provides jobs.

His 1981 Rolex Award for Enterprise is reward for André Martin's truly fertile imagination.

Preserving Mexican Folk Music. Eduardo Llerenas.

The culture of Mexican Folk Music is one of the richest in the world. However, due to the influence of TV, radio and the record player, it is a culture rapidly being replaced by popular music.

With two companions, Mr. Eduardo Llerenas has made over eighty trips into the remotest parts of Mexico in order to record, preserve and compare the country's traditional songs.

Having found an original song, the local musicians are hired, and the recording is made on the spot, whether in a palm hut, a saloon or in the open air, to the highest technical level possible. Just over one-third of the enterprise remains.

When completed, the work of Mr. Llerenas will provide an accurate, and lively record of the Folk Music of his native Mexico.

His 1981 Rolex Award for Enterprise will help Mr. Llerenas to complete this valuable undertaking.

Save the Snow Leopard. Rodney Jackson.

In the snow-covered Himalayas lives a rare species of carnivore. The elusive, endangered Snow Leopard.

Mr. Rodney Jackson, a British wildlife biologist, plans to capture live, and collar with radio transmitters, several specimens of this magnificent creature.

Very little is known about the Snow Leopard, other than it faces almost certain extinction as man encroaches on its habitat.

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Communists Ask for Ministries in French Cabinet

PARIS — French Communist Party leader Georges Marchais on Monday pressed his party's bid for ministries in the next government, at his first meeting with President Francois Mitterrand since the Socialist leader's May 10 election victory.

Presidential spokesmen gave no details of the talks. Senior Socialists, encouraged by Mr. Marchais' poor showing last month in the first round of the presidential election, have indicated that they

would want a commitment of broad cooperation from the Communists in return for taking them into a future administration.

Mr. Marchais told reporters after an hour-long discussion with Mr. Mitterrand that he had declared his party ready "to assume our responsibilities in the government and at all levels" to implement a new political course for the country.

Mr. Mitterrand took office Thursday. The party daily L'Humanite Monday expressed

disappointment that no Communists were in the Cabinet formed Friday under Mr. Mitterrand's prime minister, Pierre Mauroy, who will lead the country into two rounds of legislative elections June 14 and 21.

Soviet Role

First Secretary Lionel Jospin told a convention of the Socialist Party during the weekend that negotiations with the Communists would be difficult because of their bitter criticism of Mr. Mitterrand and other Socialists in recent years.

He said that in the discussions, expected to start Wednesday, the Socialists could make no concessions on basic domestic and foreign

policy positions such as their condemnation of the Soviet role in Afghanistan and Poland.

Mr. Mitterrand said during the presidential election campaign that the Communists would have to moderate their support for Moscow on international issues before he could take them into a government.

Strong differences between Socialists and Communists on foreign policy were underlined when Jean Lecanuet, parliamentary leader of the center-right Union for French Democracy, visited Mr. Mitterrand later Monday.

Mr. Lecanuet, a strong critic of Moscow, told reporters he and Mr. Mitterrand agreed on most of the international questions they discussed, including a need to strengthen West European defense.

Chirac Silent

A new anti-left political grouping formed to fight the legislative elections called on voters Monday to reject what it said were Socialist and Communist plans to bureaucratize the economy. The Union for a New Majority placed advertisements in major newspapers appealing for support for Jacques Chirac, mayor of Paris and the effective leader of the opposition since Mr. Mitterrand's May 10 defeat of incumbent Valery Giscard d'Estaing.

Mr. Chirac, leader of the neo-Gaullist Rally for the Republic, also visited Mr. Mitterrand Monday. He declined public comment.

Relations between Socialists and Communists have been strained since 1977, when Mr. Marchais pulled out of an alliance with the



Georges Marchais

Socialists. The right comfortably won legislative elections the following year.

L'Humanite said in its editorial that many Frenchmen were expressing surprise and concern at the absence of Communists in Mr. Mauroy's government. It said the Communists "remain available at any time" to play a role in the government because their contribution is essential to carry out the new policies for which the French people are waiting.

It said the party "is setting no conditions that could be taken as possibly making an agreement more difficult," although it did not imagine that an identity of views could be reached on all questions. "Communists believe it is possible to work together in the government as well as at all levels of national life," the editorial said.

French Foreign Minister Seeks To Reassure U.S. on Socialists

By Ronald Koven

Washington Post Service

PARIS — Foreign Minister Claude Cheysson says that France's new Socialist leadership will prove a reliable partner for the Atlantic alliance and expressed hope that the United States will avoid past mistakes of distrusting French leftist governments and thereby hampering their effectiveness in the crucial early months.

In his first interview as foreign minister, at a weekend meeting with The Washington Post, Mr. Cheysson outlined in broad terms a foreign policy that appeared to confirm assessments here of a broad area of accord between Paris and Washington on Middle East and East-West issues and potential disagreements on the Third World.

In apparent reference to the way France's previous government under former President Valery Giscard d'Estaing tended to catch American officials by surprise on undiscussed disagreements, Mr. Cheysson said the United States will find that it likes the open, direct way that the Socialist government of President Francois Mitterrand intends to talk things over.

Prominent Socialists here have been worriedly asking Americans in Paris what they can do to reassure a Reagan administration that is widely assumed to be at least skeptical and potentially hostile, if not because of the presumed ideological incompatibility between Socialism and conservative Republicanism.

Mr. Cheysson recalled that the effectiveness of the government of Pierre Mendes-France, in which he served as executive assistant, was damaged in 1954 by the distant treatment it got during its first three months from the Eisenhower administration until U.S. Secretary of State John Foster Dulles learned to trust Mr. Mendes-France.

Franc Under Pressure

The new foreign minister said Washington's suspicion at that time had led to what he called "maneuvers against the French franc" — a recollection that came at the end of a week in which the Bank of France is said to have spent at least \$4 billion in a not very successful effort to defend the value of the franc against the dollar.

So far, French Socialists have been carefully ambiguous about the question they know is uppermost in the mind of the Reagan administration — will there be Communists in the Mitterrand Cabinet after parliamentary elections in June.

That appears to be a subject of internal debate among the Socialists, with the outcome likely to depend on how well they do in the elections.

The new rulers of France cannot have been very reassured by statements of embassy officials here from the Soviet Union and the United States. To the last moment,



Claude Cheysson

officials from both embassies were saying they expected Mr. Giscard d'Estaing to be re-elected. In addition, top U.S. Embassy staffers showed an overly pessimistic, wait-and-see attitude following Mr. Mitterrand's victory.

"You don't want to believe it when it's something you don't want to happen," one State Department veteran here said of the election.

But he noted that the U.S. administration bounced back with Mr. Reagan's day-late congratulatory message to France's African program. From now on, Mr. Cheysson said, French relations with its former colonies will be treated as part of the whole range of relations with the world.

world," made a test case out of Salvador in which Western Europe was expected to kneel to U.S. policy and opinion. He noted that opponents of the Salvadoran government of Christian Democrat Leopoldo Duarte have ties with European Christian Democratic Socialist parties.

He said the Reagan administration views the Third World as a problem of charity and "resp for the starving," but regards it marginal in most strategic terms.

One way Mr. Cheysson indicated he intends to be reassuring is to make the minimum number of changes of French ambassadors.

The minister also noted that the Cabinet list announced Friday has Mr. Mitterrand's name was formally changed from foreign affairs to general relations — an effort to show that it will take the lead in other ministries that had built special relations with various parts of the world, especially France's former African colonies.

The old African Cooperation Ministry has been placed for the first time under the professional diplomats of the Quai d'Orsay with young Socialist Jean-Pierre Cot as Mr. Cheysson's minister-in-charge. Mr. Cot is a former production manager deputy for France's African program. From now on, Mr. Cheysson said, French relations with its former colonies will be treated as part of the whole range of relations with the world.

Africa Policy Under Review

PARIS (Reuters) — France's new Socialist leaders Monday gave a clear signal that the country's policy toward Southern Africa will be reviewed.

Mr. Cheysson told delegates at a United Nations conference on sanctions against South Africa "In UN negotiations and reactions in the future, you will find at your side in the political and diplomatic spheres."

West Germans Debating Commercial TV Venture

By Paul Taylor

Reuters

BONN — West German television will soon face unwelcome competition from a commercial station, and the prospect is causing political ripples. At stake is this country's 32-year-old public broadcasting monopoly.

Radio-Tele-Luxembourg, Europe's biggest multinational broadcasting corporation, is to decide later this year whether to go ahead with plans to launch the first German-language private television channel. A satellite over Luxembourg could be beaming variety shows, news and advertising into West Germany by 1985.

The first commercial station is still at least four years away and has to clear a number of political

hurdles. Leftists fear the government may yield to a strong business lobby, despite the declared reservations of Chancellor Helmut Schmidt, and authorize a large-scale cable-laying program.

To charges that West Germany would suffer the diet of soap operas and cops-and-robber shows that critics say saturate American television, an RTL spokesman has retorted that his company has proved its ability to satisfy a broad variety of tastes. "We believe in giving people what they want," he added.

The project's chances depend partly on the West German government. Without a cable network covering most of the country, the new channel would be expensive to receive. Unless the federal Post Office starts an ambitious cable laying program, viewers would have to install special parabolic aerials, which today cost about 2,000 Deutsche marks (\$900).

The government estimates the cost of laying a national cable network at about 60 billion DM — price it is unlikely to pay just to help RTL run a profitable "opposition" television channel. Yet a RTL spokesman has said he is confident the cable will be laid.

West Germany has two national public television networks and a third channel for regional programming. Regional radio stations are also public property, although RTL runs a German-language radio service that claims up to 3 million listeners.

Competition

Critics say official television is bureaucratic and dull and would benefit from competing for viewers and advertising with a dynamic commercial station. But Mr. Schmidt and his Social Democratic Party maintain that commercial television would destroy the balance between public broadcasting and private print media.

"Not only would it undermine our whole broadcasting system but by taking away advertising revenue it would also endanger the financial structure of our present broadcasting stations and of the press," the SPD concluded in a recent policy study.

The West German newspaper publishers' association does not necessarily agree. It is considering taking a 20-percent stake in the RTL project.

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George Jessel, 83, Is Dead, U.S. 'Toastmaster General'

Los Angeles Times Service
HOLLYWOOD — George Jessel, 83, a vaudeville and silent film star who became America's unofficial "toastmaster general," died Sunday following a heart attack. Mr. Jessel had been in the hospital since last week when he suffered an apparent coronary seizure.

Born April 3, 1898 in New York, Mr. Jessel was the son of a traveling salesman and auctioneer. Before his voice changed he was singing at lodge meetings. Then he joined a boy trio (one of the other members was named Walter Winchell), and he soon came to the attention of entrepreneur Gus Edwards, who hired him for his traveling vaudeville troupe.

OBITUARIES

Mr. Jessel later toured in an act called "Kid Cabaret" with Eddie Cantor.

In succeeding years, he divided his time between Broadway, the musical stage, radio and night clubs. During the past three decades, however, Mr. Jessel was best known as a toastmaster and after-dinner speaker. At his peak he once estimated that he traveled 8,500 miles a week, 40 weeks a year, addressing 200 differing gatherings.

In 1942, he caused a public stir when, at 44, he was married to showgirl Lois Andrews, then only 16. (It was his third marriage). And in 1961, when he was 63, he was the object of a highly publicized paternity suit brought by actress Joan Taylor. At first, he denied responsibility, saying the charge was "a compliment — at my time of life." But later he settled out of court.

Hit Reviews

He appeared in such hit reviews "The Gaities" and "The Passing Show," then starred in the musical "The Jazz Singer."

He had a contract to recreate the role on the screen for Warner Bros., but a dispute over production problems caused him to withdraw, and the part went to Al Jolson — along with the fame of appearing in the first talking picture. During the 1930s he co-starred



George Jessel ... in a 1970 photograph

said. He said Cuban officials ruled it a suicide.

Miss Allende had long been suffering from bone cancer. She was expelled from Chile in 1975 by the junta which had carried out the coup in which her brother died in 1973.

Beatriz Allende, a daughter of the late president, shot herself to death in Havana in October, 1977.

Laura Allende

MEXICO CITY (AP) — Laura Allende, 69, a sister of Chile's late Marxist President Salvador Allende and herself a former Socialist member of the Chilean parliament, fell 18 floors to her death Saturday from a hotel room window in Havana, a hotel spokesman

John Rayner Heppenstall

LONDON (AP) — John Rayner Heppenstall, 69, a British critic, poet, novelist and historian of crime, died Saturday.

Lewis B. Patten

DENVER (AP) — Lewis B. Patten, 66, writer of 100 Western novels and short stories, died Friday. Mr. Patten was awarded the Golden Saddleman's Award by the Western Writers of America in 1979 for his collected work.

Frank Scherschel

BARABOO, Wis. (UPI) — Frank Scherschel, 74, the former chief photographer of Life magazine, who covered many of the major battles of World War II, died Saturday of lung cancer.

DEATH NOTICE

The family of Mr. Theodor CHERTSOS, Chevalier de la Légion d'Honneur, Commandeur du Mérite, Officier de l'Ordre de la Couronne Béige, Commandeur de l'Ordre Léopold II, Grand Croix de Saint Andet du Patriarcat de Constantinople, regrets to announce his death in Paris on May 23, 1981. Services will be held on Wednesday, May 27, at 10:30 at Saint-Stephane Orthodox Cathedral, 7 Rue Georges-Bizet, Paris-16^e, followed by burial in the family vault in Zurich (Switzerland) on Friday, May 29, 103 Ave. Henri-Martin, 75016 Paris. 63 Aurora Street, Zurich.

Pen Sovann Expected to Be Cambodia's Next Leader

By Denis D. Gray
The Associated Press

PHNOM PENH — Pen Sovann, a little-known veteran of Cambodia's revolution, is expected to become the country's most powerful leader when the Vietnamese-backed regime unveils a new government and Communist Party over the next few months, according to various Cambodian sources.

The 45-year-old Pen Sovann holds the key to power as head of Cambodia's still-secret Communist Party, the sources said. His party role has already been mentioned in official broadcasts.

The sources asked to remain anonymous because of their positions in the government and elsewhere.

Pen Sovann's picture hangs next to that of President Heng Samrin throughout Cambodia, and he has held the place of honor in meetings with fraternal Communist Party leaders.

Cambodian government sources expressed a belief that Pen Sovann is also the most likely candidate for the presidency of the state council, a newly created position which carries with it the command of the armed forces — a power he already enjoys.

These roles would seem to place Pen Sovann way above a leadership group that owes its position and power to Vietnamese forces which toppled the previous Communist regime of Premier Pol Pot in early 1979.

This group includes pro-Vietnamese Communists such as Heng Samrin, a former Pol Pot follower who defected not long before the Vietnamese invasion.

Western diplomats in neighboring Thailand who closely monitor Cambodian developments say Pen Sovann is probably more trusted by the Vietnamese and less tainted by association with the bloody Pol

Pot regime than men like Heng Samrin.

Although Pen Sovann has held power for 28 months, he is little known among the general population and the regime has made no attempts to fill in the large gaps in his biography.

An official biography published for the May 1 election said that Pen Sovann was born in 1936 of poor peasants in the southeastern province of Takeo.

"Fired by the revolutionary ideal" at age 14, he fought courageously in southeastern Cambodia against the French who were losing their colonial grip on Indochina, the biography said.

Although the biography is almost silent about the 1954-1970 period, strong indications in Phnom Penh are that Pen Sovann was among those Cambodians selected to receive military and political training in North Vietnam. Like others in the current regime, Pen Sovann speaks Vietnamese fluently and is believed to have a Vietnamese wife.

The biography said only that he studied at a "higher military college," served as an assistant division commander in the war against U.S.-backed governments in Indo-

china and worked in Hanoi in 1970-73 for the radio of the National United Front of Kampuchea (Cambodia), the grouping which fought against the Lon Nol regime and included not only the Pol Pot group but Prince Norodom Sihanouk, the former chief of state.

Pol Pot's faction carried out purges of its own ranks even as the war against Lon Nol raged and Pen Sovann, according to the biography, split from Pol Pot in 1973 to follow the true revolutionary road. Pen Sovann has been quoted in a 1979 speech describing Pol Pot's terror tactics in detail and saying he personally had "suffered a lot."

On Jan. 8, 1979, a day after Vietnamese forces took Phnom Penh, Pen Sovann was elected vice president of the People's Revolutionary Council, in charge of national defense.

The council and a National United Front for the Salvation of Cambodia are to be replaced within the next two months by a National Assembly, a council of state and a council of ministers. A constitution to be adopted by the National Assembly spells out that the Communist Party will be the main political force.

The Phnom Penh regime hopes both to consolidate its power internally through these moves and to legitimize itself in the eyes of an international community which for the most part still recognizes the Pol Pot regime in the United Nations, the sources said.

Tokyo Refuses to Ban Midway's Return

By James Foley
Reuters

TOKYO — The Japanese government, under strong criticism over its national security policies, rejected a demand in parliament Monday that it ban the U.S. aircraft carrier Midway from returning to its port in Tokyo Bay.

Foreign Minister Sunao Sonoda turned down the demand, made by a Communist member, as the government faced concerted opposition on its defense attitudes.

"My understanding is that the Midway should be allowed to make the port call as it has in the past," Mr. Sonoda said.

The 64,000-ton vessel, the only U.S. carrier with a home port outside the U.S., is now on duty in the Indian Ocean, and is expected back at nearby Yokosuka on June 5 or 6.

Opposition parties questioned the government after allegations by former senior U.S. officials that U.S. 7th Fleet warships have been carrying nuclear weapons here, apparently in violation of Japanese regulations.

No Mission to Washington
The charges caused a public storm and centered on the Midway. The vessel carries three kinds of planes capable of dropping nuclear bombs — F-4 Phantoms, A-6 Intruders and A-7 Corsairs.

Premier Zenko Suzuki, meanwhile, rejected a proposal by the opposition Socialist Party grouping to send a mission to the United States to question officials there. He said that Washington had not asked for consultations about the entry of nuclear weapons into Japan, and that "I believe no nuclear weapons have ever been brought into Japan."

The controversy increased anti-American sentiment in Japan and led indirectly to the cancellation of U.S.-Japanese naval maneuvers last Friday after dozens of salmon-fishing nets and lines were reported

cut by the warships. The 22 naval vessels were returning to base Monday.

Washington has refused to disclose the location of American nuclear weapons and Tokyo has refused to question the Americans

on the subject. As a result, the Japanese are confused about whether nuclear weapons have passed through or are stored in their country, and political commentators say the people now distrust both governments.

China Says Lobby on Capitol Hill Wants a 'Protectorate' on Taiwan

United Press International

PEKING — China said Monday the Taiwan lobby on Capitol Hill in Washington was trying to turn the Nationalist-held island into a U.S. "protectorate" backed by American military might against Peking.

The Chinese news agency charged that supporters of Taiwan were talking as if U.S. commitments to recognize Peking were "a mere worthless scrap of paper."

The statement, sparked by last week's hearing on Taiwan by the U.S. House Foreign Affairs Asian and Pacific Subcommittee, reflected Peking's growing sensitivity on the Taiwan issue and its determination to rebuff pro-Taiwan sentiments in the United States.

The news agency's Washington correspondent, Peng Di, who wrote the dispatch, said he received "a deep impression that a handful of persons are invariably taking advantage of U.S. Congress meetings to peddle their 'Two Chinas' doctrine." The agency called members of the Taiwan lobby "tricksters."

7.5 Quake in Pacific

United Press International

WASHINGTON — The largest earthquake in at least seven months — 7.5 on the Richter scale — occurred Monday in a sparsely populated area of the Pacific, the Auckland Islands region south of New Zealand, the U.S. Geological Survey reported.

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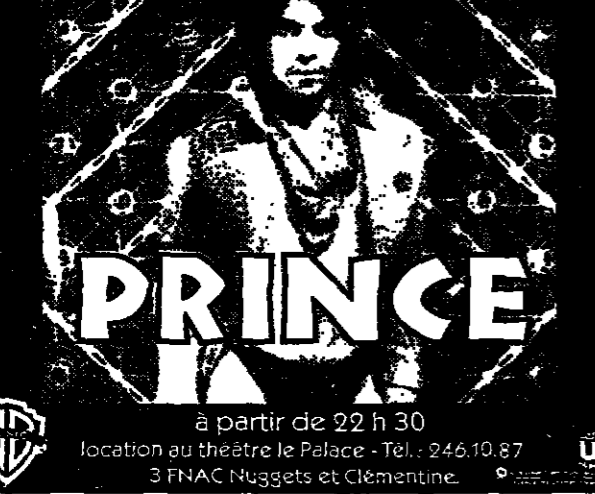
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Books British Library Catalogs, Opens Erotica Collection

By Glenn Blackmon United Press International LONDON — For generations the legend of the British Museum's locked-up horde of books too sexy to circulate has tantalized librarians. Now the museum's library offshoot is baring all. "Up until now the British Library's collection was the only major collection of erotica that had not been cataloged," said Patrick J. Kearney. He has spent seven years to change all that. For more than 100 years the British Museum kept one of the largest and most whispered-about collections of erotic literature in the world locked tight in the so-called "Private Case."

tion, published in May as a dry-as-dust listing and description of every work. Its sexless title is "The Private Case." "It's a very fine, rich collection," said Kearney, 38. "It has a very wide range of works covering a broad spectrum." The library has bawdy books in English, French, German, Russian, and Spanish spanning nearly 250 years. It includes a rare book of French brothel songs printed in 1830 and computer-written 1970s pornography from San Diego. "It really is amazing stuff," Kearney said, although he found modern pornography to be "mostly rubbish. It is beneath contempt. I don't recommend reading it, but I suppose specimens should be preserved." The collection holds several rare and famous books. A first edition of John Cleland's "Memoirs of a Woman of Pleasure" is there, as well as a valuable copy of "Justine" by the Marquis de Sade. For decades the collection was kept secret, locked away without public access, Kearney said. Only in the 1960s, just before the British Library split away from the British Museum, were strict rules loosened about who could see what in the collection. Now anyone with a legitimate interest has access to it. As access rules were eased, "for the first time they listed all the books in the general catalog," Kearney said. "But the British Library has over 8 million works, so they were just lost in all the other books. Now I have drawn them together in one place."

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Music

Plucking Sci-Fi Sounds From the Laser Beams

By Michael Zwerin International Herald Tribune

PARIS — The studio is painted black, the lights are off. Artificial smoke swirls around the prototype laser harp glowing green on its pedestal over banks of synthetic-music machines. Gaunt and pale, Bernard Szajner emerges out of the gloom and begins to caress the energy out of the harp's 10 laser-beam "strings" like some cosmic Merlin communing with a dragon. After torrents of whistles, screeches, wails and organlike chords, Szajner sat down, apologized for the smell (the smoke machine had been burping) and explained: "The smoke is to visualize the beams. The path of laser beams is very precise but still you would not see them without the smoke."



Bernard Szajner and the laser harp.

Szajner, who has been described as "the first musician to combine electronics with human emotion" will be in concert as part of the Sixth Festival of Science Fiction and Imagination in Metz (May 27-June 2). This Friday the laser harp will have its first public performance. As the curtain opens, a saxophonist will be sitting on a chair playing for himself. Then he will be joined by tapes of electronic sound and radio news clips telling of violent events, synchronized with slides showing an aggressive exterior world. But the saxophonist continues to have his own interior life. "Electronics can be so impersonal," Szajner said. "We must maintain the human element. Even human failure is important. A hesitation, a bum note."

the real thing. Also, you may be able to imitate it technically but you lose the human element—the clicking of the keys, the player's breath. The laser harp is in effect a synthesizer keyboard that provides new gestural possibilities. "The visual element is as important as the music," Szajner said. "A keyboard has only one dimension, its horizontal length. Here you go both vertically and horizontally because the strings get closer together toward the bottom so you control more strings at the same time and the computer analyzes it and knows you want to go higher." When interrupted, the photoelectric cells in each beam are analyzed by a computer programmed to make certain sounds. The computer can remember these sounds and loop them later. It can also be programmed to project synchronized slides and flashing lights, and to release smells.

Szajner named his harp the "Synergie" after an instrument described in Samuel Delany's science fiction book "Nova." His first album was called "Visions of Dune," after Frank Herbert's science fiction novel. "I took certain incidents and characters and tried to project them musically," he said. Although clad in mundane T-shirt and jeans, Szajner resembles a character from "Dune" himself.

He is the son of Polish emigres who settled in France. They insisted that he study electronics rather than pursue his first love, painting. He designed clothes with flashing bulbs for Pierre Cardin for a year. At night, in his kitchen, he invented things like glowing wigs with glass-fiber hairs. He introduced laser light shows at rock concerts seven years ago in West Germany, accompanying The Who. "I consider that I am still painting," he said.

said, "only now I have created my own dimension." Two years ago he began to make music with synthesizers. The Synergie is the first of three new instruments. Two are still in the design stage. One will be a luminous sphere about 60 centimeters in diameter that will create music from the warmth of hands placed at different points on its circumference. The other, made out of a series of 30-centimeter metal squares combined into a shape something like a radar antenna, will have holographic, three-dimensional outstretched hands in front of each plate. Since holographic images are transparent, the instrumentalist will appear to be passing through the hands to touch off the sounds.

These images are optical illusions, Szajner said. "They have no physical substance. When the player's hands pass through the illusions they will set off infrared photoelectric cells which will trigger a computer. But it will appear that the music comes from touching hands. I like to play with this idea of giving existence to something that does not exist. If you touch a nonexistent object and it makes a sound, it becomes real." This sort of elaborate electronic tinkering takes considerable financial capital. Szajner works under the umbrella of his Lasergraphics Studio which has five employees — all friends — and creates promotional light shows for such companies as Cartier and Renault. "It's frustrating," said Szajner, who set in another age might have had the luxury of actually being the eccentric absentminded inventor he resembles. "I have no subsidy and now I am splitting my time between my business and preparing my show for Metz. I am tired, I am working 16 hours a day. I have in fact only three full days to practice the Synergie. But, realistically, I need a business to make money to pay for all my craziness."

Cannes Film Festival

Wajda's 'Man of Iron' Makes Its Surprise Debut

By Thomas Quinn Curtiss International Herald Tribune

CANNES — The main news event of the Cannes festival has been the projection of Andrzej Wajda's new film about the strikes of Polish workers, "Man of Iron." Its showing came as a surprise, for it had been rumored that the prevailing political climate would prevent both its export and its release in its native land.

Inspired by the smoldering discontent in the Gdansk shipyards last summer, it outlines the growing opposition to high-handed official rulings and the harsh measures imposed to silence dissent. Wajda, in filming a fictional scenario based on his observation, has given its realization at times the candid-camera quality of television reportage.

In this it resembles his "Man of Marble" (to which, in a sense, it is a sequel) and only very occasionally — for example, in a cemetery sequence at nightfall, with candles flickering before the crosses of the

superior artists who have gone into exile. The film was shot in German. The Austrian Klaus-Maria Brandauer of the Vienna Burgtheater as the scheming comedian gives the finest performance the festival has seen. It is a double performance, for not only does he enact the protagonist with dazzling finish but excels in scenes from "Faust." His virtuosity merits him honors as his first role. No historic feat seen here comes within measuring distance of his. While Scialoja's "Passione d'Amore" seemed intent on recapturing Visconti's lush romanticism, Liliana Cavani's "La Pelle" (The Skin), in its world premiere at Cannes, manifests a suppressed desire to be Fellini. Impressed by Curzio Malaparte's lurid descriptions of Naples occupied by the U.S. Fifth Army in 1943, Cavani has designed a would-be shocker with revelations of ghastly happenings and corruption on all sides. Though an attempt at a startling panoramic vision of the best city in the Fellini vein, incidents of its script recall Billy Wilder's "Foreign Affair," in which an abrasive congressman pesters a U.S. Army major in postwar Berlin. Here an American aviator, bearing a letter of recommendation from Roosevelt, arrives, to the annoyance of the commanding general. He turns her over to an Italian liaison officer, who shows her the city's gruesome sights. Burt Lancaster caricatures the vain general amusingly, Marcello Mastroianni is the obnoxious guide and Alexandra King is the intruding flier. The horrors are appropriately horrible, but the recreation of the time and the place is troubled by a flagrant artificiality. In "Excalibur," John Boorman retells the Arthurian legend in terms that have been mistaken by Cannes audiences for parody. The Monty Python ghost stalks this Camelot. Visually it is quite enchanting, with the greenery of its forests, its sparkling waterfalls and

its evocation of the Lady of the Lake, but when its knights in gleaming armor and its fair ladies open their mouths, they speak the common lingo of today. It is as though Tennyson had been revised for comic book readers, and certain performers seem uncertain whether they are to play straight or tongue-in-cheek, which results in some wretched acting. Bertrand Blier's "Bessy-Pere," a French contender, is a pleasing program featuring with Patrick Dewaere impersonating a widower who enters into a love affair with his adolescent stepdaughter, Ariel Besse. The near-intoxic situation leads the minor comedy a piquant audacity. Among other comedies, Spain has a broad, vulgar burlesque about a broke marquise, and her grotesque relatives. The hit of the film market is the West German film "Christine F.," a violently realistic account of a 13-year-old girl who becomes a prostitute in the vicinity of Berlin's Zoo railroad station to finance her heroin addiction. The sensational autobiography from which the film is derived is a best seller in Germany and has just appeared in English translation. It has been recommended as adolescent reading as a warning against drug addiction and the film, like the book, is enjoying enormous success.

In the "Certain Regard" section there is on exhibit a curious Hungarian farce of slapstick nature, "The Witness," by Peter Bacsó. It recounts the misadventures of a good-natured but thick-headed peasant who when assigned to responsible posts is incessantly jailed for his blunders. Appointed the manager of an amusement park, he terrifies bemuddled army brass by sending them through the tunnel of horrors, in which plaster busts of Karl Marx give them the creeps. He commits another misdemeanor when he orders a pompous official, who has reserved a public swimming pool for his private use, out of the water so that the hot police boys bask. Such humor was frowned on by the censors, who banned the film at first, but "The Witness" has since been released to attain appreciation in its homeland.

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Rhône-Alpes

Annecy: Firms Choose Scenery

Special to the IHT
ANNÉCY — The international staff of Digital Equipment France must have one of the most spectacular office sites in the country: a hillside of pine woods with Lake Annecy below and the French Alps in the near distance.

Christian Michel, who runs this division specializing in telecommunications products, said, "For our kind of study work, the quality of life is important." The 60 engineers working for Digital in this spot seem to agree, although work takes them away on frequent trips around Europe — 70 percent of commissions are outside France.

For these trips, they have the choice of Geneva's long-established airport 45 kilometers away, or Lyons' growing airport at Satolas, 130 kilometers by highway. Digital found that it could not stay and expand in the Paris region, and moved to Annecy largely because of the airport. Now it is expanding this investment.

David A. Lush, a U.S. venture capitalist, is doing likewise. He uses Annecy as a base for his European investments. "I find cadres drag their firms here after they've seen the town" — the ancient capital of Haute Savoie, with a charming old quarter.

Gillette

One of the bigger investors is Gillette, which found that local skills fitted the company's need for high-precision parts. Ninety percent of the senior staff willingly followed the company from Paris. It has three plants in the region, one of which makes the Dupont deluxe lighters and desk accessories.

Mayor Andre Fumex, a prosperous candlemaker, has to insist to visitors that Annecy is an indus-

trial town, as well as one of the most spectacular lakeside communities in Europe. Ball bearing firms have long been there, as have paper mills, ironworks, beltmakers, and makers of electronics, textiles and metal jewelry. Prominent newcomers include the Salomon ski binding firm.

Tourism is still a major industry, and the mayor plans to reopen a prewar luxury hotel on the lakeside as a casino-hotel-congress center. A \$25-million cultural center is being built in the town center and will have a 1,000-seat theater. The old town is being renovated. The town hall has first option when property comes onto the market, a purchasing system similar to that which enabled the municipal authorities to become proprietor of all the edges of the lake over 20 years. The lake itself is the jewel, and an ingenious circular sewer system protects it from pollution.

An International 'New Town'

(Continued from Page 9S)

ness, distribution and housing growth of the Lyons area.

At lunch, Patrick Drewery from Hotwork said that his company's combustion engineering service side had found that L'Isle d'Abeau was "one day's truck ride to anywhere in France and a day and a bit from Spain. And you know that Lyons international airport at Satolas is only seven minutes away from my office. I've got flights to London."

Residential Areas

Stefano Cumielski, from Coral, said, "Four years ago, it took me six hours by road from Turin to here, but today it is a matter of three hours and 20 minutes through the new Alpine tunnel and along the autoroutes. The connections between the two countries mean I can almost commute from 320 kilometers away."

The town is 30 minutes' drive from Lyons. In the five residential areas dotted around the center, there is a mixture of family and communal life. Schools and supermarkets, sports facilities and lakes dug out of ponds are set amidst an unusual variety of housing. There seems to be something for every pocketbook.

Local villages existed before the advent of the new town. Today they have been brought into an administrative unit that, along with the new residential zones, has meant a population increase from 45,000 to 60,000, and 4,000 new jobs.

Social amenities, however, are secondary reasons for the arrival of 150 firms at the industrial park. The geographical factor is most important. Many are foreign — from the United States, Italy, West



A view of the new town, L'Isle d'Abeau

Germany, Britain and elsewhere. The park has become a major distribution center for firms operating not only in France but also Switzerland, North Italy and the Iberian Peninsula. Light manufacturing is moving in to complement this.

Henri Cezard, marketing manager for L'Isle d'Abeau, said that foreign firms appeared to be taking options on the best future sites, and pointed to the new building for Miele, the West German washing machine manufacturer, as

proof. On a low hillside stands the office of Renault's truck division, which is being turned into the computerized "brain" for worldwide supplies of spares. Below is the distribution center for the British firm Thorn Electric, formerly in Paris.

L'Isle d'Abeau does not offer tax incentives to set up. The sales pitch is that so many other firms have established there for geographical and marketing reasons.

—ALAN TILLIER

Industry Braced for Shifts

(Continued from Page 9S)

growth rate is 20 percent a year, and sales of insecticides, herbicides and new products are international. The production of animal feed is rising at Roussillon and Condrieu, and Moroccan phosphates are brought directly up the Rhone.

The locally based health sector is flourishing, with Institut Merieux at its head. This is the largest vaccine-producing plant in France and its products for humans and animals are sold throughout the world, particularly in Latin America and Africa.

Rhone-Poulenc is also expanding silicones, silicates, polyester film. Mr. Joubert said: "We are not pulling out. The search is for new products where we can use the small- and medium-size firms in the area." All the company's divisions are represented in Rhone-Alpes, employing 34,000 people

(40 percent of the company's French activities). RVI's local plants have seen their roles modified. The former Berliet factory at Vennesieux, with its foundries, concentrates on the production of basic parts and machinery; Boutheon concentrates on gearboxes for the upper end of the range; Bourg-en-Bresse, with its special anti-corrosion paint shop, concentrates on the assembling of trucks and public works vehicles.

The company, with 11.12 billion francs (about \$2.2 billion) in turnover, has 50 percent of its work force and 70 percent of its plants in Rhone-Alpes. Local suppliers are responsible for 25 percent of RVI's turnover. Spare parts for worldwide markets are kept at a new center in the L'Isle d'Abeau new town.

Industries in the Rhone-Alpes region have easy access to a market of 200 million customers in southern Europe and North Africa.



A table ready for a machon...

A Hearty Lyonnaise Custom for Morning Munchers

LYONS — For those who are put off by the Lyonnaise habit of beginning the workday at a gruesomely early hour, there is one compensation. It is called a *machon*, which might be translated as a munch, and it is what you do when it is too early for lunch.

A *machon* generally consists of a plate of *charcuterie*, table wine and cheese. This simple meal reflects the backbone of a country cuisine that has developed into France's most appreciated gastronomy.

The *charcuterie* in particular represents the riches of Lyonnaise cuisine. There are the famous Lyonnaise sausages, *terrines* and *port* *riffettes* stewed for hours in their own fat, as well as veal head, either hot in vinaigrette or cold with a *rouge* sauce (a caper and mustard mayonnaise). Usually one of several famous local tripe dishes is available — *gras double* or *tubier de saupur* (tripe that is cut, breaded, sautéed and served with a spicy mayonnaise).

This is traditionally accompanied by white wine from the nearby Macon or a red, slightly chilled Beaujolais or Cote de Rhone. These table wines have become famous and overpriced around the world. But for the *machon*, it is served in the tradi-

tional Lyonnaise *pot*, a deceptively thick bottle that holds 46 centiliters and invariably has a chip or two around the neck from years of use.

Small Restaurants

An establishment that serves *machons* is called a *bouchon*. Businessmen in conservative suits and workers in blue overalls sit elbow to elbow in these generally small restaurants, merrily downing their morning tripe and white wine. Even with cheese, this will probably cost less than \$8.

Bouchons range from formica and pinball atmospheres to the rustic woody charm of places like Chez Dussaud in the center of the old district. Chez Dussaud serves a midday lunch with *machons* offered on the off-hours before or after. The fare is whatever *charcuterie* is around.

Then Monique Dussaud, who in the great Lyonnaise tradition of female chefs does all the cooking on a household stove, suggests you stay for lunch. She says that some people will even come back a third time for an afternoon *machon*. "You eat all day. It's very French."

—MARK J. KURLANSKY

Textile Companies Diversify

(Continued from Page 9S)

from before the revolution, is one of two houses left in France (both in Lyons) that hand-weave silk. Bernard Tassinari, installed in a first-floor studio in the Croix Rousse where six weavers do predominantly 18th-century work on 19th-century hand looms, says that before the depression there were hundreds of silk handweavers in the Croix Rousse. Today, most of his customers are governments — he did work for the Kennedy White House and spent 18 years on the king's bedroom at Versailles.

This sort of craftsmanship is the Lyons textile tradition. The Brochier family began in the textile trade in 1883. The first and second generation worked in fine silk fabrics, crepe de Chine and other expensive material that mainly went to high fashion designers.

Jean Brochier, one of six brothers of the third generation, used to be angry when he saw women in pants. But he came to understand that women were not dressing up anymore. "I had the factory, the techniques, the workers. What could I do with that besides clothes?" Mr. Brochier, who has spent his life studying the intricate weaves of the great Lyons fabrics,

decided that his knowledge could be applied to high technology, mainly for the aircraft industry. He has created remarkably intricate fabrics, some of which are woven in three instead of two dimensions. He weaves carbon to make extremely supple fabric, or extremely light but dense fabric. He invented a radar-invisible nose for the Concorde that was lighter than the ceramic version.

Three of Jean Brochier's brothers branched off into another high-technology business. But two brothers, Jacques and Robert, were traditionalists. They formed Brochier Soieries, a traditional fabric firm that specializes in fine thread materials sold to the fashion industry.

The Artist

"Jacques is the artist," his brother Jean said. It is true that many of Lyons' traditional fabric firms are more artists than businessmen. Jacques told of a foreign buyer who seized a rack of his samples and said he wanted all of them. Jacques asked which colors he wanted and the buyer told him he wanted all the colors he was offering. Even in this period of crisis, Jacques Brochier was not happy about the sale. "They bought too

much," he explained. "It's dangerous for the craft."

"I like the creative part more," said Francois Ferrier, who wanted to be an architect but, as the only son, bowed to family pressure. Half the fabrics made by Bianchini-Ferrier are printed. Although Lyons is acknowledged as the world's leading center of fabric print design, Mr. Ferrier is one of the few in Lyons who still print a

lot. Mr. Ferrier, whose family employed Raoul Dufy as a designer for 12 years, continues the tradition. But his printing and dyeing factory in the town of Tournon, against the slopes of the Herminette vineyards, is a quiet, sad little factory with more machines than workers. Seven years ago, they employed 500; now they employ 265. The factory does work for the independent fabric firms but it is still hard to keep busy all year.

It is the fabric firms who are going out of business, which in turn is weakening the factories. But the fabric firms who are surviving are concerned, too. "My worry," Jacques Brochier said, "is that the factories will die. There still exists a lot of industry in Lyons that permits me to do anything I want as long as these factories do not die."

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Rhône-Alpes

BOCUSE Jet-Setting Chef Markets Himself

By Patricia Wells

LYONS — Shortly after dawn, a spotless green and white Turbo van rumbles impatiently in the narrow streets of Lyons, screaming to a halt at the open-air produce market along the Saône. An imposing man in a rumpled black corduroy and camel wool scarf alights, takes one restless look at the growing swarm of merchants and pers, and turns on his heels. "I am, simply, a businessman..."



Bocuse (right) on daily shopping round. "I am, simply, a businessman..."

A Dozen Stops
Between 6:30 and 9 a.m., he will make perhaps a dozen stops, pausing to finger the fresh tarragon and lettuce, to pick up some Lyonnaise sausages for his Paris trip that afternoon, taking time to greet dozens of merchants he passes on the way. For women, young and old, there is a heavy embrace, a pat on each cheek, a gentle pat on the behind. In the evening, there will be three, four, five brief stops for conversation.

Paul Bocuse, the hometown rascal made good, is his restaurant, named Paul Bocuse, in the suburb of Collonges-au-Mont-d'Or, has held the de Michelin three-star rating since 1965. Since then, he has helped popularize the lighter cooking style known as *nouvelle cuisine*, being a personality cult, a one-man multinational operation, plastering the world with his stern and is portrait of the chef as king. Today, he is less a chef and more an ombudsman, traveling about the world, peddling his wares along the route. His cookbook, "La ne du Marche," has sold more than 1 million copies since 1976. His wine, Paul Bocuse Beaujolais, is on shelves in Tokyo as well as in New York. He has the profits of two French restaurants in o, once ran a cooking school there and lends lentis to restaurateurs in Brazil. He has his own of solid nickel saucepans, endorses French for the home and runs a food boutique in s. He has even published a children's book, all a day in the life of his restaurant. Next year, Bocuse and his buddy-chef Roger Verge and n Lenotre will open the French pavilion at la's Disneyworld.

As all part of a gaudily ornate, baroque style one senses, is all a giant put-on. But if the keeps buying it, why not keep adding another of dizziness? "I am, simply, a businessman. What say?" he says undeniably.

Prize Toy

It comes as no surprise to find that the P.T. Bar of the kitchen loves nothing better than showing off his prize toy: an 18-foot-high Victorian organ. It is in L'Abbaye, a nearby restaurant where he has wedding dinners and family banquets, while the lights, drums and cymbals compete with the of the blaring, fairground oom-pah-pah. And all this blather, one finds a romantic, sentimental Frenchman who, if given a to do as he pleased, would spend it in the garden. "I have great faith in the garden," he says, "and another foamy cup of express. This is a difficult time in the world," he continues, "war, fighting everywhere. Man needs comfort. In look for that comfort in many things — alcohol, in women, or in the garden, and then kitchen."

Skis Rossignol: Local Firm Is Major World Supplier

By Vanya Walker-Leigh

VOIRON — The worldwide economic problems will be good for business, Laurent Boix Vives, the founder-chairman of Skis Rossignol, believes. "Twenty million of the world's 30 million skiers live near ski resorts," he said. "And rising costs of holidays abroad will mean they'll increase their leisure activities near home. The remaining 10 million will go on skiing."

His company accounts for 24 percent of the world ski market and reported a \$200-million turnover for 1980.

Mr. Boix Vives began his business career by developing sales outlets for his father's retail grocery concern in Brides les Bains, near Chambéry. In his early 20s, he set up a small ski-lift company in Courcheval with two friends, Patrick Cognacq and Hubert Courmouls Houles. The three took a gamble on advice from veteran ski champion Emile Allais, and in 1955 bought a bankrupt company, Rossignol, manufacturing 8,000 pairs of skis a year, along with a range of textile goods.

Still managed by its three founders, together with Mr. Boix Vives'

wife and brother and the sons of Mr. Cognacq and Mr. Houles, Skis Rossignol now can manufacture 3 million pairs in factories in France, Switzerland, Italy, West Germany, Spain, the United States and Canada.

3 Brand Names

Skis are marketed under three brand names — Dynastar, Authier and Rossignol — and have "distinct personalities," Mr. Boix Vives said. He attributes the success of his company to constant innovation, aggressive marketing and the establishment of manufacturing units abroad.

But with 1980 ski sales badly hit by the lack of snow in North America, and low-prices skis beginning to make large inroads into the market, Mr. Boix Vives is pushing ahead with diversification. A range of lower-price skis has been launched. A new factory in Italy should be putting 1 million ski sticks on the market this year. Meanwhile, sales of tennis rackets, made in the United States and France, are expected to top 400,000 in 1981. Rossignol will also build up the marketing of a series of ski and tennis accessories made by other companies.

Stately Castles in the Countryside A Treasure Trove for Art Lovers

LE TOUVET — The Rhône-Alpes region is off the package tour beat, but tourists with their own means of transportation can visit a series of stately homes well-known to art lovers.

Less than an hour from Grenoble, the sturdy Chateau du Touvet faces the Alps, and is flanked by a magnificent 18th-century water staircase. Touvet's furnishings include many pieces by Grenoble artisans of the period, as well as memorabilia of an aide of Napoleon, General Oudinot, an ancestor of the present owner, the Marquis de Quinsons.

Up the Isere Valley, three homes present fine examples of military fortresses converted to civilized, 17th- and 18th-century living — Virieu, Thorens, and Septeme.

Just outside Grenoble, 17th-century Sassenages, now housing the Fondation de France, contains a

valuable collection of 17th- and 18th-century furniture.

Around Lyons, 17th-century Flecheres is decorated by Italian artists and also has a transportation museum with ancient vehicles.

Between Lyons and St. Etienne, Sury-le-Comtal offers an exceptional example of 17th-century sculptured woodwork decorating a series of rooms. La Bassie d'Urfe nearby is a 16th-century French version of then contemporary Italian domestic architecture — including a shell-covered grotto.

St. Marcel-de-Felins, also near Sury, contains a series of rooms decorated with 17th-century painted woodwork.

Visiting hours vary, but a map and information are available from La Demeure Historique, 37 quai de la Tourneille, Paris 5. Tel: 329.02.86.

— VANYA WALKER-LEIGH

Leads in Nuclear Energy

(Continued from Page 95)

hydroelectric power and coal. Mr. Giraud wanted those living and working in the area to have preferential rates. This has yet to come about, but certainly the nuclear industry has had beneficial effects for industrial suppliers and builders and for the research institutes at Grenoble.

The international Eurodif enrichment plant at Pierrelatte (3,000 jobs there and in related uranium plants in Romans and Annecy, and \$400 million a year in turnover) has, like Bugy and Tricastin 3 and 4, provided a new industrial framework.

The industrial and financial effort for the nuclear sector has been the biggest the French have made outside of wartime.

It has brought together big names such as Creusot-Loire, Alsthom Atlantique, COE, PUK, Cogema, Jemmont-Schneider, Schlumberger and others. It is difficult to stop something with this kind of momentum.

These are some of the fast-moving firms already successful in Rhône-Alpes, France.

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- and of course: Merlin-Gerin • Rhone-Poulenc • BSN-Gervais Danone • Cap Gemini Sogeti • Skis Rossignol • Crouzet • PUK Group • C.G.E. • Roussel-Uclaf • Crédit Lyonnais • R.V.I. • Neyptic • Terraillon • Schlumberger...

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Rhône-Alpes

'French Town Near Geneva' Pulls Its Own Weight

Special to the IHT
ANNEMASSE — The town lies right up against Geneva, so the local motorists go through the customs zone, fill up with cheaper Swiss gasoline and return within minutes.
 Annemasse has a distinct economic and industrial character, however, and should not be regarded as an annex of Geneva, although it advertises itself as "the French town near Geneva."
 The Geneva region has long been a major attraction for French

frontier towns, but a relatively low 31 percent of Annemasse's inhabitants work in Switzerland. "In some ways we are dependent on Geneva, but we have our own economic strength," said Gabriel Galice, the town's industrial development officer. Annemasse now feels attached to both Geneva and the Rhone-Alpes region.
 Foreigners besides the Swiss are setting up in the town's main industrial zone, like the U.S. multinational Parker Hannifan. The firm's head, Gilbert Poullien, pra-

ises the quality of local labor. The plant, with 320 workers, produces a considerable variety of hydraulic jacks, couplings and a whole range of fluid conduits.
 Foreign firms are responsible for 20 percent of employment. Across the road from Parker, the big Swiss heating firm Cuenod has linked with West Germany's Kloeckner group to form one of the biggest heat pump production units in Europe.
 Elsewhere, traditional industries are seeking to expand both domes-

tic sales and exports, and none more than the screw cutting industry — the key subcontracting industry in Haute Savoie, with 231 industrial firms, 800 small firms, 13,000 workers and 60 percent of the French market.
 The industry is a direct by-product of the work carried out by subcontractors for the watchmaking industry in Geneva and other parts of Switzerland in the 19th century.
 A local watch business that started after the last war led to trouble with the Swiss. Worker Raymond Grenelle set up his own screw cutting company to fill the gap caused by the Swiss boycott in selling certain parts. The company expanded to couplings, and now helps equip the French AMX tank.

the Ariane rocket and other high-technology products.
 Another company that has adapted and upgraded its products is Terrillon, the domestic weighing machine specialists. Terrillon, situated in the Annemasse industrial zone, has attached great importance to design — its scales are in the New York and Amsterdam museums of modern art — and on following exacting French technical norms. It leads in France and Italy and has subsidiaries in Spain, Italy, Switzerland, Austria, West Germany, Belgium, Britain and the United States. Exports rose 35 percent last year, and the company's insistence upon quality, backed by a competent local labor force, has kept cheaper Southeast Asian manufacturers at bay.



Louis Erlo (center, bottom of photo), rehearsing a scene from "Don Gio"

Lyons' 'Enfant Terrible' Builds a Major Opera

Special to the IHT
LYONS — Miniature coffins and guillotines in the morning mail and angry demonstrations marked the promotion in 1969 of *enfant terrible* Louis Erlo from artistic director to manager of Lyons' opera.

"My innovative approach to the classics, not to mention production of controversial new works, emptied the place of its traditional patrons," Mr. Erlo said. "But within a year I had a new, younger, more informed public drawn from all classes of Lyons society."
 Still as *terrible* at 51, Mr. Erlo is popular at home and has a solid reputation abroad — although he seldom accepts engagements away from Lyons or agrees to let his productions travel. "I am very much against 'jet opera,'" he said, "where you see the same jet-lagged stars singing in costumes and sets borrowed from some other house."
 He added: "I build my productions around a

team of seven singers, all trained in-house, outside singers who have time to rehearse. Virtually all sets and costumes are created in our own workshops."

Earlier this month, however, two Lyons productions billing international stars were playing in Paris — Mozart's "Don Giovanni" and a forgotten 17th-century masterpiece, "Ecole Amante" — while another pit Begio's "Opera," attracted enthusiastic reviews.

Mr. Erlo played a leading role in the Berlioz festival in Lyons with a concert version of "The Trojans" opera. The festival, held in November, is directed by conductor Serge Baudo. Other companies contribute a good part of the \$800,000 annual budget, says festival director Blanche Carron.

There is also the "Mai de Lyons" festival, organized by Christian Geipi, which includes

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Banking: Gaining Independence

(Continued from Page 95)
 have their own regional or inter-regional computer centers.
 The banks of today are aiding two-way investment — foreigners coming to Rhone-Alpes and regional firms going abroad. Chase's branch continues to work with re-

gional firms but now deals with multinationals. The bank's world trade department in New York is taking a direct interest in Rhone-Alpes.

The region has a web of relocation and management consultants to back its banking services.

Grenoble: A Choice Site for International Companies

By Joel Stratte-McClure

GRENOBLE — Rene Michal, the president of Grenoble's Chamber of Commerce, is sweating and his T-shirt is stained with strawberry juice. It is just after 7 a.m. at his bakery on place de Metz, and Mr. Michal is tenderly removing a tray of baguettes from the large oven.

In an hour, after a quick shower and a change into a suit, he will drive to the chamber offices and begin his second job. The position involves, among other functions, attracting outside investment and industry to the Grenoble region.

"The only thing this town doesn't need is another bakery," Mr. Michal joked. "But in other industries — especially electronics, data processing and technical research and development — we are actively encouraging new business."

Grenoble, in fact, has become a prime choice for foreign and French firms looking for a new location. Although the French government does not offer subsidies to companies locating in Grenoble, as it does in regions with high unemployment, the city and its environs have attracted numerous concerns.

Among the companies in the area are Caterpillar Tractor, the electronic engineering firm Merlin Gerin, the computer manufacturer SEMS, the semiconductor company EPCIS, the American medical and laboratory manufacturer Becton Dickinson, the software expert Cap Gemini Societe, the chemical producer Rhone-Poulenc, the plastics producer Allibert and numerous others.

In February, the French National Center for Telecommunications Research (CNET) inaugurated the Norbert Segard Microelectronics Center to develop integrated circuits, and this month Hewlett Packard breaks ground for the second building at its Grenoble facilities.

"The new arrivals tend to be high-technology companies which can employ our established resources — the university, government research facilities, an engineering-oriented work force," said Anne-Marie Augoyard, director of the Bureau for the Implantation of New Enterprises. "Two U.S. semiconductor companies are now actively evaluating the choice of Grenoble for their European headquarters."
 Becton Dickinson chose the city

for its European headquarters over traditional locations like Brussels, Geneva or Paris. "Grenoble won over the alternatives for a number of reasons," company President Jean Fernoux said. "Communication is efficient, people are eager to relocate and work here, administrative costs are less. It's the geographical center of Europe, and the quality of living is hard to beat."

Grenoble has traditionally been a center of scientific innovation. Hydroelectricity was invented there, and it has been the center of the country's research in nuclear physics and atomic energy. Its university, founded in 1339 and with a current enrollment of 28,000 students, has well-known engineering and research departments. Government research organizations in the area include the Nuclear Research Center and the National Scientific Research Center. In addition, the French-German-British Laue-Langevin Institute, with the world's most powerful high-flux neutron reactor, is in Grenoble.

"There is an old tradition in Grenoble of a common front between government laboratories, industry and the university when it comes to research and develop-

ment," said Michel Cordelle, director of the LETI, a government facility concentrating on applied research in electronics and "teleinformatics" (telecommunications and data processing.)

Foreign companies also praise Grenoble. "The electronics and computer firms in the area, along with CNET and other research facilities, provide a stimulating working environment," said Cyril Yansouni, general manager of Hewlett Packard. "We have an extremely high rate of job acceptance. An urban and natural environment which inspires good

work, and we're close to

pean headquarters in G...
 There is a pronounced keep Grenoble growing ing imaginative and companies. "This is a population is capable and experimenting with opments," said Philippe sociate director of inte cut manufacturer EFC pany formed by Tho and the LETI. "You'll s ements here in telematic use of industrial robots' anywhere else in France."

Tourism: So Much to — and Then There's F

LYONS — A serious dining tour in the Rhone-Alpes could be pleasantly near-fatal for the uninitiated. The area has one-third of the Guide Michelin's 21 three-star restaurants in France.

Naturally, you do not have to eat. But most people, like Henri Ducret, the president of the regional Chamber of Commerce and Industry in the Alps, prefer to. In fact, he and the restaurant owners are in a pronounced cabal to convince foreign visitors that not dining out in the Rhone-Alpes is an insult to everyone.

To prove his point, Mr. Ducret, who owns the Park Hotel in Grenoble, recently maintained a dining pace that would have fatigued Michelin investigators. "The trick to all this," he said during a meal of *noisettes de veau aux marilles* at Chavant, "is to be casual and not pretend this is the last supper of your life. Relax, eat slowly. Then go outside and work it off."

Serious Business
 Tourism is a serious business in this part of France, and Mr. Ducret is actively promoting everything from health spas in Evian on Lake Geneva to wine tasting tours in Fleurie and Julienas. He recently threw a cocktail party for the last group of skiing Swedes to depart in their charter from the Grenoble airport. This fall, he will go on the road — visiting trade shows in Manchester, London, Madrid, New York and Chicago. In 1982, he will concentrate on Japanese tourist agencies.

"We'll get them to sell a package tour from Japan which will visit not only Paris and Geneva but the Mont Blanc, the route Napoleon and some of our restaurants," Mr. Ducret said, noting that airports in Lyons and Geneva handle international flights. "We are also going to have the seven top food critics from seven countries visit the seven best restaurants sometime next year."

There are three kinds of tourism in the Rhone-Alpes: white, blue and green.

White tourism encompasses ev-

everything to do with sr are 60 skiing resorts in t Alpes and 10 of them h prepared a group broc 1982 season. Although snow has melted, this ye excellent summer ski higher resorts like Tign d'Iserre.

Almost everyone livi area is a strong support tourism. Hubert Dub mayor of Grenoble, cross-country skiing — only to keep fit. "People more likely to visit this inhabitants look healthy, Sky and Water

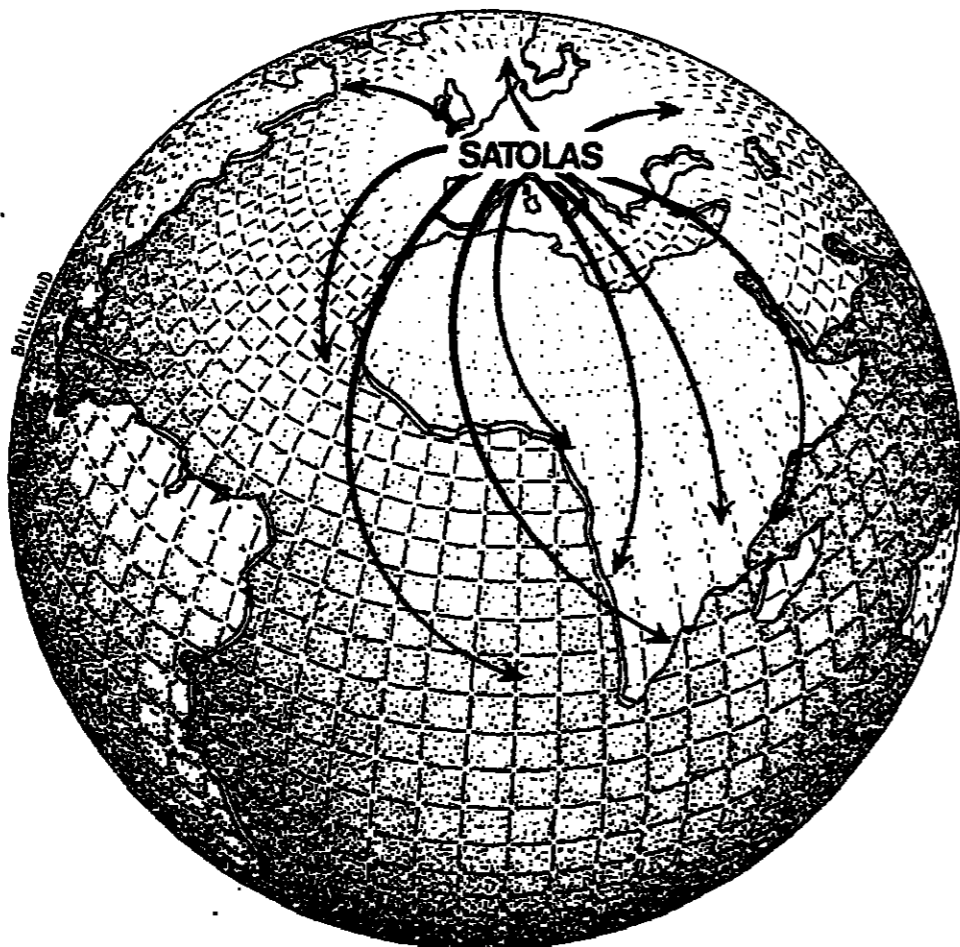
Blue tourism takes i and the water. There s hectares of water in the t an undetermined amou Flying over the area in plane indicates that wind a popular sport, along w kayaking, sailing and swi large lakes (Annecy, G Bourget, Mirbel) or riv Ardeche. Hang-gliding pine peaks has become round sport.

Green tourism includ thing that is not white. There are a number of parks (Ecrins, Vercours, Pilat) with an array of fauna. In addition, th *randonnees*, the organ well-marked hiking France, are found throu area. A recommended h that takes you around Blanc.

As Mr. Ducret is quid out, however, all this ph tivity is not a requirem tors. Rather, they can toes, Gallo-Roman a towns like Vienne, medie es like Perouse in the Yvoire in Haute-Savoie, hooded Carthusian moni, distillery in Voinas who s to divulge which 130 herbs are necessary to Chartreuse liqueur, amc things. And, of course, top this off with an excell

—JOEL STRATTE-MCCLURE

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BUSINESS NEWS BRIEFS

Vest LB Plans Equity Capital Increase

FRANKFURT — Westdeutsche Landesbank Girozentrale said Monday it will receive an additional 200 million Deutsche marks of equity capital, raising its capital to 1.28 billion DM.

Nippon Electric Gets Syrian Project

TOKYO — Nippon Electric said Monday it has won a 4.8 billion yen (21.5 million) order from Syria to install a microwave communication network for television broadcasting and telephones.

Iran Seeks Bigger Share in Tire Company

TOKYO — The Iranian government has asked Bridgestone Tire, Japan's biggest car tire manufacturer, to lower Japanese equity in a joint panse-Iranian company, Bridgestone Iran of Tehran, to 30 percent from the present 50 percent, Bridgestone Tire said Monday.

West Germany's KHD Sees Stable Year in '81

COLOGNE — Kloeckner-Humboldt-Deutz expects 1981 world group turnover to roughly match 1980's 5.5 billion Deutsche marks. The annual report, issued Monday, said that rising incoming orders and a high order backlog should help the company to cope with recession in the engineering industry.

British Group Wins Contract for Gulf Causeway

BAHRAIN — The Dutch Ballast Nedam group has been awarded a contract to build a 15-mile causeway linking Bahrain with Saudi Arabia, officials here announced Monday.

IHC Inter Plans Rights Issue, Bourse Listing

ROTTERDAM — IHC Inter said it plans a one-for-two rights issue in June and will then seek an Amsterdam Bourse listing. Its shares traded at 86 guilders (\$33) on the over-the-counter market here Friday.

Kobe, Marubeni Win Iraqi Acid Plant Order

TOKYO — Kobe Steel and Marubeni Corp. of Japan have won a joint \$5-million order from Iraq's state minerals organization for a sulfuric acid production factory, Kobe Steel said Monday.

Brock Warns EEC On Export Credits

From Agency Dispatches BRUSSELS — U.S. Trade Representative William E. Brock warned the European Economic Community on Monday that if its members continue to subsidize exports of manufactured goods and farm products, the Reagan administration may retaliate.

He said the United States expected a quick reduction in export credits by EEC members, adding, "We will see this as aggressively as we can." He said the United States saw the issue as being linked to all other trade questions.

Mr. Reagan has already begun limiting contributions to the U.S. Export-Import Bank, which backs exports from the United States, and Mr. Brock signaled the administration's determination to press the same philosophy on the EEC countries.

Asked by a reporter about the strength of the Reagan administration's commitment on this issue, Mr. Brock replied: "We are very serious. We will use all the instruments at our disposal... even concentrating our resources on situations where we feel there are particular abuses."

He also said that the EEC should take advantage of the strong dollar to boost its U.S. exports. Mr. Brock, who has met with high-ranking EEC members here in the past four days, said the Reagan administration would do all it could to encourage the Common Market to sell more in the United States and thus offset its \$25 billion 1980 trade deficit with Washington.

He also predicted U.S. interest rates — which have become a major concern to the Europeans — would start falling substantially in early 1982, while adding, "I admit that the next few months are going to be rough."

Mr. Brock made it plain, however, that the United States will not be moved by European pleas to lower interest rates by increasing the money supply.

Mr. Brock has come to Europe largely to explain to EEC leaders the circumstances that led to the U.S. decisions to press Japan to limit its automobile exports to the United States and to drop the grain embargo against the Soviet Union — two moves conceded by the U.S. to members of the trade representative's entourage.

The pact with Japan was particularly resented by the Europeans, who feared Japanese automakers now will try to flood European markets with cars originally intended for the United States.

Mr. Brock indicated here that the United States feels it is important for the Europeans and Americans to tackle stresses and strains that arise, through bilateral talks with the Japanese, thus avoiding the appearance of trying to gang up on Japan, while at the same time not allowing Tokyo to appear to play the United States off against Europe.

Observers here said that Mr. Brock, who goes on for meetings in Bonn, London and Paris, has had some success in convincing the Europeans that the Reagan administration believes in free trade, despite the early exceptions. He said it directly: "Free trade is the glue that can hold us together with common interests."

Price cutting broke up a Eurofer agreement last year and led to the commission's declaration of a "manifest crisis" in the industry and its unprecedented application of mandatory production cuts.



Pierre Moussa 'would not be reasonable'

Schmidt Comment Aids Franc, But Economic Doubts Persist

By Axel Krause International Herald Tribune PARIS — Boosted by declarations of support from Chancellor Helmut Schmidt of West Germany Sunday, the French franc firmed a bit Monday in quiet, holiday-affected trading.

The franc will remain vulnerable, however, most likely until next month's legislative elections, senior European business, banking and diplomatic sources in Paris said.

The sources cited the uncertainties surrounding the policies of French President Francois Mitterrand, including planned nationalization of some private companies and banks.

"The franc looked better today, but how about in a few weeks or months?" said an executive of a leading industrial company that is expected to be nationalized.

"Mr. Mitterrand and his key ministers appear hesitant to state clearly what they intend specifically, probably because of the elections and fears of more capital flight," he added.

The franc closed at 240.375 to 100 Deutsche marks, up from its opening of 240.13. It closed against the dollar at 5.56, compared with a 5.5675 fixing and opening at 5.535.

Dealers noted that although the franc's strength was considerable compared to last Friday's low closing prices, trading on Monday was thin as a result of holidays in the United States and Britain. They said trading in the next few days will provide a clearer idea of whether the recovery will continue.

Meanwhile, top government ministers have made sweeping and reassuring statements regarding their short-term policy.

Prime Minister Pierre Mauroy said Sunday that the government will continue defending the franc, while "strictly respecting all the agreements to which France is bound."

Jacques Delors, who was named minister of economy and finance Friday, said Monday he intended to do everything in his power to ensure the stability of the franc.

Speaking on television, he told a questioner who asked if he considered devaluing the franc that he intended to defend its parity against other major Western currencies.

Mr. Delors said European currencies were suffering from "a real hurricane blowing from the United States" — a reference to high U.S. interest rates that have sent the value of the dollar soaring. "We will tell the Americans that this cannot continue," he said.

French business leaders and bankers said earlier Monday that they and their partners outside France were skeptical about government intentions.

Pierre Moussa, chairman of the Paribas banking group, told a group of financial analysts and journalists Monday that the planned nationalization of Paribas, one of the nation's largest banks, would lead to the "multiplication of a useful instrument already serving the nation."

In one of the first public statements by the head of a group targeted for nationalization, Mr. Moussa said the move "would not be reasonable" from the standpoint of taxpayers who ultimately would pay for the acquisition of Paribas stock and assets.

Banking sources said meetings are being planned between executives of leading companies and banks and Mr. Delors and other government officials. The sources said they hoped the meetings would be scheduled within the next few days.

London's Move to Gold Futures Metal Exchange's Ability in New Field is Questioned

By H.J. Maidenberg New York Times Service

NEW YORK — The powerful, 104-year-old London Metal Exchange, in an apparent recognition of the role that futures contracts play in pricing gold, will begin trading futures in the metal for the first time Sept. 7. Should the venture succeed, the exchange is expected to add a market in silver futures.

The exchange's move into the futures arena is seen by analysts as less significant than its impact on the global market in gold.

London is still considered the world's leading market in physical gold. The twice-daily price fixings by the top five dealers there have long exerted strong influences on worldwide prices. But there is a strong belief in the trade that the futures prices on New York's Commodity Exchange, the biggest metals futures market, are the real determinant of the price of gold.

Indeed, many analysts hold that the success of the Comex gold futures has diminished the attractiveness of physical gold as an investment or speculation. Analysts reason that with the value of gold now largely determined by futures contracts, the metal's role as a refuge from economic uncertainty has been reduced.

While the London Metal Exchange's gold futures will each represent 100 ounces, the same as contracts in the United States, and member debits and credits will be transferred by a U.S.-style clearing association, that is as far as the similarity goes.

"Many of us have grave doubts about the ability of the LME to run a futures market in gold, although our London branch will give it all the support our organization can," said James E. Sinclair, a metals broker who heads a Wall Street house bearing his name. "As presently set up, it will still be a very exclusive club of about 30 ring-dealing members, the same group that now handles much of the business in London. Gold futures trading has become too huge and vast a market for that sort of traditional LME operation."

Only two U.S. brokerage houses will be members of that group. One is Cargill Inc., the giant grain trader also in the commodity brokerage business.

Clients Balk At Price Rise In EEC Steel

BRUSSELS — Customers for EEC steel are balking at higher prices being charged by companies following an agreement reached last month by the EEC steelmakers' association, Eurofer, in the hope that firms may break the accord and cut prices, industry sources said Monday.

Eurofer, which accounts for 80 percent of EEC production, agreed to raise prices by between 15 and 20 percent after June to bring them into line with those prevailing in the United States and Japan.

The sources said clients were declining to place orders for July to September at the new prices and were apparently trying to force companies to lower prices again. The price rises range as high as \$60 a metric ton on some products.

EEC Commission sources said last week the commission would reinforce and extend its checks on prices in a bid to insure that no companies broke the agreement. In cases of price cutting it said heavy fines would be imposed and an investigation launched to see that the firm was not benefiting from state aid.

Price cutting broke up a Eurofer agreement last year and led to the commission's declaration of a "manifest crisis" in the industry and its unprecedented application of mandatory production cuts.

Markets Closed

All financial markets were closed Monday in the U.S. for memorial day, and in Britain for the spring bank holiday.

Growth Slipping Free of U.S. Interest Rates

By Steve Lohr New York Times Service

NEW YORK — The economy's surprising strength in the first quarter of the year is prompting economists to question a durable set of economic policy: That extremely high interest rates will slow business activity quickly.

Moreover, with the economy so resilient, then either private government economists had expected, the Reagan administration's proposal to lower personal income tax rates is being viewed with increasing skepticism. The tax, economists worry, might prove to be unneeded stimulation that could worsen inflation by enlarging the federal budget deficit.

The economic strength certainly calls into question the wisdom of such a policy at this time," said Edwin L. Kellmer, senior vice president and chief economist of Manufacturers Hanover Trust.

In revising its earlier figures, the Commerce Department said last week that the gross national product grew at an 8.4 percent annual rate in this year's first quarter, 1.9 points higher than the government had reported in its preliminary figures and much higher than economists had anticipated.

Yet this growth came during a period of uncommonly high interest rates. During the first quarter, the prime interest rate averaged about 19 percent. Today, this benchmark rate stands at 20 1/2 percent, and many economists say it may soon go higher, possibly surpassing the record 21 1/2 percent reached shortly before Christmas last year.

"The economy is doing an excellent job of acting as though high rates don't exist," said Michael K. Evans, president of Evans Economics, a Washington-based consulting firm.

In theory, high interest rates should slow down the economy, forcing inflation to subside. As the cost of money increases, the theory goes, businesses can no longer afford to borrow to keep their factories running at a rapid clip, while consumers are forced to reduce buying on credit. Businesses, in turn, demand fewer goods, services and workers.

So, according to traditional thinking, economic activity slows down, thus easing such inflationary pressures as demands for wage increases and higher prices.

"But what we used to believe about high interest rates and the economy just doesn't hold anymore," said David M. Jones, an economist at Aulby G. Lanston & Co. "The high rate levels no longer bite the way they used to."

Just why high interest rates are not crimping the economy is not entirely clear, but economists offer two principal explanations.

The first is what Henry Kaufman, the Salomon Brothers economist, has termed "the economic impact of a more liberated financial system." In short, the financial

markets seem to have adapted to, if not accepted, the current era of high inflation. So financing activity continues, despite the high cost for money.

Indeed, many bankers say that their corporate customers have not let up in their demands for credit. The strong demand is a key reason that economists say the prime rate may rise further.

In addition, the high rates are not quickly thwarting economic activity because, unlike many past periods, credit is still available. Last year, interest rates dropped sharply in the spring after the government intervened in the money markets to ration borrowing with its credit-controls program.

"This time you have high rates, but you don't have the credit crunch," said Otto Eckstein, president of Data Resources, an economics consulting firm in Cambridge, Mass. "In the past, it may not have been as much as the high rates at the credit crunch that went with them that rapidly slowed down the economy."

As most economists, Mr. Eckstein believes that interest rates still play a role in stabilizing the economy. But, he said, "They certainly aren't working as quickly as everyone had learned to expect."

Accordingly, economists generally predict that despite the recent economic resilience, the economy has to slow down.

"The levels of growth of the 1980 fourth quarter and the first quarter of this year are just unsustainable," said Edward Crosby, senior economist of the United California Bank in Los Angeles.

Lacy H. Hunt, senior vice president and economist of the Fidelity Bank in Philadelphia, said that in recent weeks, "I'm seeing genuine signs of economic weakness. That's new for me."

Three key indexes, Mr. Hunt noted, show an established trend of decline: Falling personal consumption, rising average weekly

unemployment claims and sliding commodity prices.

Nevertheless, forecasters are projecting stronger growth than many did earlier in the year. The predictions by Data Resources have been revised upward even before last week's GNP revision was released because of previous indications of the surprisingly brisk pace of the economy. The consulting firm forecasts that the inflation-adjusted GNP will decline at a 1.2 percent annual rate in the second quarter, then bounce back with a 0.4 percent gain in the third quarter and a 2.7 percent advance in the fourth.

At Evans Economics, the outlook is more optimistic. The firm expects a 1.5 percent rise in real GNP in the second quarter, and gains of about 4 percent in each of the last two quarters.

Already some economists, reacting to the higher GNP figures, are scaling back the size of the Reagan tax-rate cut in their forecasts.

"Yes, I believe the new figures will affect the tax cut," Mr. Hunt said. "We'll be scaling back the assumed size of the tax cut in our model and in reports that go to our clients at the end of the month."

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Table with columns for Company Name, Year, Revenue, and Profits. Includes BSN-Gervois Danone, Matsui SA, Mitsubishi Heavy Ind., and Sumitomo Electric Ind.

CURRENCY RATES

Interbank exchange rates for May 25, 1981, excluding bank service charges.

Table with columns for Currency, Bid, Ask, and other rates. Includes Australian \$, Canadian \$, Deutsch mark, Finnish mark, Greek drachma, Hong Kong \$, Indian Rupee, Japanese Yen, etc.

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Old Court DOLLAR COMMODITY TRUST Prices on May 21, 1981 Next trading date June 8, 1981 H.M. ROTHSCHILD P.O. Box 58, Greenwich C.T. Tel.: Greenwich 26741. Tlx: 4191473.

Eurocurrency Interest Rates

Table with columns: Dollar, D-Mark, Swiss, Sterling, French Franc. Rows show interest rates for various terms like 1M, 3M, 6M, 12M.

Quotations in Canadian Funds. All quotes in Canadian dollars unless noted. Columns: High, Low, Close, Change.

Toronto Stocks

Closing Prices, May 22, 1981. Table listing various Toronto stock prices.

High Low Close Change. Table listing various stock prices with their daily movements.

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Montreal Stocks Closing Prices, May 22, 1981. Table listing Montreal stock prices.

Paris Commodities (Prices in French francs per metric ton). Table listing commodity prices like SUGAR, COFFEE, etc.

Bundesbank to Alter Data Requirements. FRANKFURT — The Bundesbank said Monday it will require more information from West German banks about their claims and liabilities in foreign currencies beginning June, 1982.

U.S. Tool Orders Decline. WASHINGTON — U.S. machine-tool orders fell to \$307.6 million last month, down 10.8 percent from a downward revised \$344.7 million in March to stand 25.3 percent below April 1980, the National Machine Tool Builders Association said Monday.

EEC Personnel Strike. BRUSSELS — Staff members of the European Economic Community's Council of Ministers began a month of disruptive strikes Monday in a dispute over salary increases.

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U.S. Thrifts Face Future of Change

By Leslie Wayne
New York Times Service

YORK — The nation's thrift institutions, which have been U.S. home buying since the 1950s, are participating in a major change in their structure brought on by a combination of high interest rates, regulatory moves that are changing the shape of the industry, and the fact that the industry has come to an end in the future will be being and falling with interest rates.

them the power to do so. Historically, thrift institutions were highly regulated, limited to obtaining money from low-interest passbook savings deposits and lending it at higher mortgage rates.

Passbook rates were fixed by the federal government, and ceilings on mortgage rates were set by usury laws in many states. In this regulated world, the industry prospered. The spread between what it paid for money and what it earned averaged from 1.5 percent to 1.8 percent during the mid-1970s.

Then, in 1980, the landmark Depository Institutions Deregulation and Monetary Control Act gave thrift institutions across the nation new powers, including the right to issue money market certificates and to accept deposits from a wider range of institutions.

But introducing deregulation at a time of soaring interest rates spelled disaster. The 1978 action freed institutions to pay out market interest rates. But the amount they earned remained relatively fixed, composed mainly of portfolios of long-term, low-rate mortgages with an average yield of 9.6 percent.

Given this, rising interest rates dealt the industry a triple blow. The cost of funds increased, customers moved deposits to even higher-yielding money market funds and mortgage holders held on to their low-yielding loans instead of paying them off.

"Deregulation was done backward," said Jonathan E. Gray, an analyst with Sanford C. Bernstein. "It was like giving a parachute after being thrown out of the plane. Thrifts have to pay market rate for deposits, but there is not flexibility in interest revenue to offset the volatility in costs."

These problems led the Federal Home Loan Bank Board to start allowing thrift institutions to earn more on their mortgages. In April, thrift institutions were authorized to offer adjustable mortgage loans, which will fluctuate freely with interest rates over the life of the mortgage.

"The nature and the risks of home ownership will change," said Richard Marcis, chief economist with the bank board. "Previously, all the risks of advance interest rates were borne by the lender. Costs of variable rates will have to be more equitably distributed between lenders and borrowers, and part of those costs must be borne by consumers."

There has been, however, some immediate good from deregulation. Since their birth in December 1980, NOW accounts, which pay 5.25 percent, have proved to be a growing source of low-cost funds for thrift institutions, which have captured the lion's share of new NOW funds.

A survey by Nashville-based Madison Financial found 46 percent of NOW deposits at savings institutions were new, compared with 7 percent for commercial banks. This means depositors are not just moving funds from one account to another, but are bringing in new money.

Industry leaders have lobbied for some federal aid, proposing that the government purchase old low-yielding mortgages or issue low-interest loans to the industry. To date, the Reagan administration has been unresponsive to these bailout proposals.

But the bank board is actively considering a plan to allow thrift institutions to sell low-yielding mortgages to investors seeking a tax shelter and is circulating a draft of a bill among members of Congress that would allow the mergers of thrift institutions across state lines.

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European Stock Markets

May 25, 1981
(Closing prices in local currencies)

Stock	Price	Change
Amsterdam		
Alcoa	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25

Brussels

Stock	Price	Change
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25

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Stock	Price	Change
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25

Zurich

Stock	Price	Change
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25

Frankfurt

Stock	Price	Change
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25

Paris

Stock	Price	Change
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25

London

Stock	Price	Change
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25

While the worldwide economic slump persists and domestic business remains basically weak due to slow consumer demand, some signs of improvement are coming into sight on the domestic economic horizon with the start of the new fiscal year. With prices steadily growing in stability, domestic business is expected to turn gradually upward.

After showing an unexpected firmness in the past few months, the U.S. economy is indicating a slowdown in some areas, such as industrial output, housing starts and leading indicators of business. In light of this development, some analysts are predicting that the economy may enter another recession.

In Europe, the picture is even grimmer. The economies of Britain, France and West Germany are all in serious trouble and unemployment in the European Economic Community as a whole tops 8.5 million people, posing a grave social problem. The economic growth rate for the EC in 1981, which was projected to be 0.6 percent last November, has recently been revised downward to minus 0.6 percent.

In addition, most European countries are suffering from double digit inflation, leaving financial authorities with no choice but to keep credit tight.

Continuing weakness of domestic business
While the global business slump persists, the Japanese economy also has been continuing weak. The real GNP growth in the fourth quarter of 1980 was at a seasonally adjusted annual rate of 2.3 percent. This moderate performance mirrored a relative slump in final private consumption expenditures (up 0.3 percent over the preceding quarter) and private housing investment (down 4.5 percent).

As far as mining and manufacturing production in this year's first quarter is concerned, the domestic economy appears yet to move out of the doldrums. Demand is causing inventory adjustment of products, especially basic materials, to be prolonged. The product inventory ratio index (1975=100) in February stayed at 91.1 percent ahead of a year earlier.

On top of the year earlier, there are increasing signs of deterioration at the micro-economic level. First of all, corporate results are headed for decline as a result of softening of the market and rising cost pressures stemming from production cutbacks. A survey by the Bank of Japan predicts a 19.5 percent drop in corporate profits in the second half of fiscal 1980 (ended March 31) from the preceding six months.

Another concern is sluggishness of employment-related indicators that reflect a low level of production to cope with prolonged inventory adjustment. February's unemployment rate (seasonally adjusted) worsened 0.17 percent from January to 2.23 percent. Overtime worked during the month also fell by 2.9 percent from a year earlier.

It is notable, however, that some signs of improvement are emerging. The commodity market, for example, is turning firm. The Nikkei commodity price index at the end of March, rebounded for the first time in seven months as prices of food, petroleum, nonferrous metals and steels became firm. The turnaround is believed to have occurred as production cutbacks are eventually beginning to have effects, even though demand remains sluggish.

Other cheerful signs are: 1) the leading indicators in the diffusion index stayed above 50 percent for three months in a row through March and 2) the production forecast index for mining and manufacturing in April is showing a marked rise of 2.1 percent over March, coupled with a sharp improvement of 1.7 percent in the operating rate index in February. These trends would justify expectations of a gradual, moderate improvement in domestic business.

Consumer demand—key to business recovery
The key to the recovery of domestic business is held by the trend of final private consumption. The report on household economy in January showed consumption expenditures rose 7.2 percent over the corresponding month of last year, but fell 0.2 percent after inflation. The drop in the inflation-adjusted consumption level had narrowed thanks to a slowdown of consumer price advances, however.

With wage settlements in this year's spring "labor offensive" ending up with an increase slightly larger than last year's on the average, and given the prospects for further stability in prices, inflation-adjusted "real" consumer expenditures can reasonably be expected to show a gradual recovery.

As for private housing investment, which has been severely depressed, housing starts in February stood 7.3 percent below the year-before level—the first time in nine months that such a drop was single digit. This does not mean, however, that housing has bottomed out, because houses built without governmental financial assistance still trailed the year-before level by more than 10 percent. The slump in private housing is likely to continue for some time to come.

Fiscal spendings are firm. Payments from the Treasury for public works, for example, rose 11.9 percent in February from the same month of 1980 and 17.6 percent in March. The amount of contracts signed for public works recorded a significant rise of 15.3 percent in March. Since the Government plans to step up public works investment during the early months of fiscal 1981, fiscal spendings in the first half of the fiscal year are expected to remain active.

Slowing capital investment and exports
The pace of increase in business capital investment appears to be slowing down. In the wake of the March 18 discount rate cut (by 1 percent) and the subsequent lowering of interest rates on deposits effective April 13, the feeling of monetary relaxation on the money market. Long-term interest rates are scheduled to be trimmed from May.

Corporate fund demand remains basically strong as liquidity at hand has been exhausted, while a high level of inventory requires a large amount of financing. Helped by the Bank of Japan's liberal policy about ending volumes, banks are ready to meet strong corporate fund demand.

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DKB ECONOMIC REPORT

May 1981: Vol. 10 No. 5

Some signs of improvement are beginning to show up in Japan's domestic business

While the worldwide economic slump persists and domestic business remains basically weak due to slow consumer demand, some signs of improvement are coming into sight on the domestic economic horizon with the start of the new fiscal year. With prices steadily growing in stability, domestic business is expected to turn gradually upward.

After showing an unexpected firmness in the past few months, the U.S. economy is indicating a slowdown in some areas, such as industrial output, housing starts and leading indicators of business. In light of this development, some analysts are predicting that the economy may enter another recession.

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Auto Exports

43% for Quarter

ME—Italian car production up 14.3 percent in the first quarter of this year compared with same 1980 period, while export fell 43 percent, said the industry association, Anfia.

Quarter production fell to 267,000 units from 450,499, and sales fell to 113,091 units from 307,000, Anfia said. Sales to the U.S. market rose to 478,794 from 459,700, with imports a 40.5-percent market share at 38.2 percent in the same quarter.

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Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25

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Gold	Price	Change
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25
Alkermid	21.00	+0.25

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Gold	Price	Change
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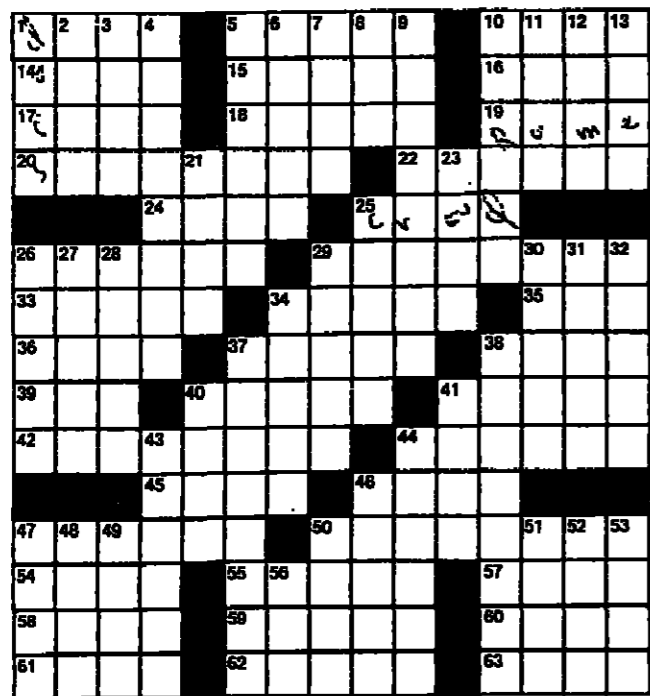


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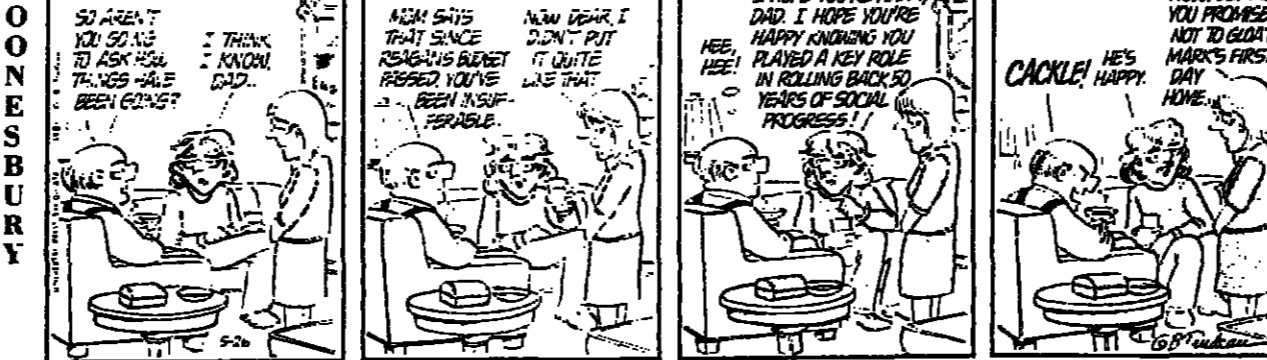
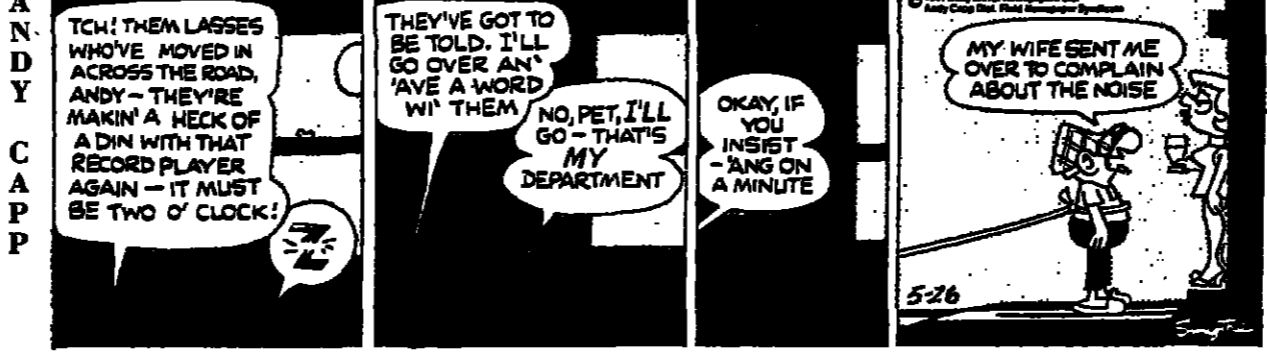
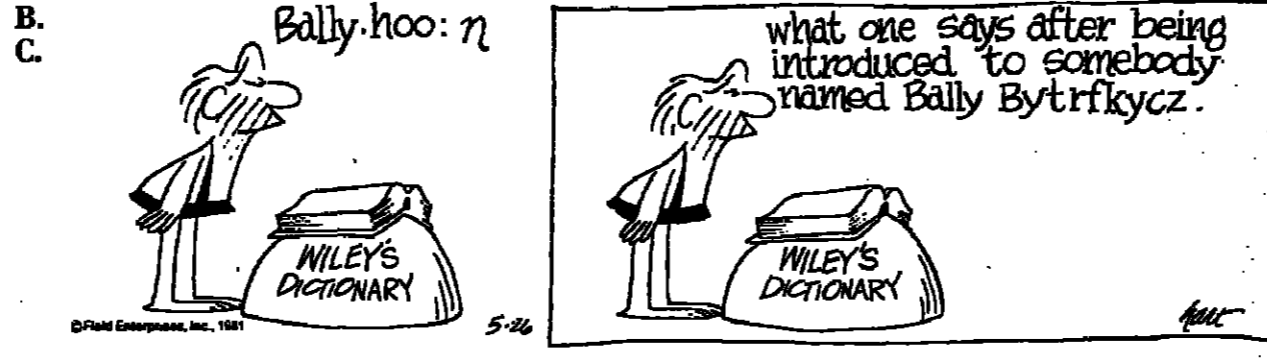
CROSSWORD By Eugene T. Maleska



ACROSS
1 Type of man
5 At another time
10 Arabian ruler
14 Figure in a title search
15 Divert
16 Magic writing
17 "Go away, grimalin!"
18 Arabs' folding materials
19 Italian wine city
20 Crusaders' foes
22 Part of a car's engine
24 Bard
25 Busy place
26 Reddish brown
29 Waterfall
33 Stone pillar
34 Steve or Woody
35 Disfigure
36 Liquid measure
37 Mine entrances
38 "Aria da... Milay book
39 Refrigerant
40 Dutch cheeses
41 Site of the Mosque of Akbar
42 Subterranean cemetery

DOWN
1 Deep in tone
2 Member of the dolphin family
3 Scorch
4 Ancient missile-launcher
5 Triangular sail
6 Cabin
7 Large casks
8 Time in N. Eng.
9 Delays
10 Blackboard cleaner
11 Obligation
12 Division word
13 Curb
14 Leftover in Eden
23 -the
24 Terrible
25 Scrape
26 Meat jelly
27 City on the Barge Canal
28 Stephen Vincent
29 Ascend
30 With might
31 "Isle of..." 1934 song
32 Scout group
33 -apple
37 Trimming
38 Tools
40 Having the color of unbleached silk
41 Members of a clowder
43 Charge with gas
44 Middle
46 Sheriff's band
47 Hops kin
48 Repulsive
49 Journey
50 Membrane of a bird's beak
51 Germ for an invention
52 Lessee's outgo
53 Noble Italian family
54 Beetle

WEATHER
HIGH LOW HIGH LOW
ALGARVE 21 70 12 54 Cloudy
AMSTERDAM 13 55 8 44 Rain
ANKARA 20 68 7 26 Fair
ATHENS 15 59 6 43 Cloudy
AUCKLAND 20 68 7 26 Fair
BANGKOK 22 80 11 63 Cloudy
BEIRUT 22 80 11 63 Cloudy
BELGRADE 27 77 15 59 Cloudy
BERLIN 20 68 7 26 Fair
BRUSSELS 16 59 6 43 Cloudy
BUCHAREST 27 77 15 59 Cloudy
BUDAPEST 27 77 15 59 Cloudy
BUENOS AIRES 22 80 11 63 Cloudy
CAIRO 28 82 16 61 Fair
CASABLANCA 27 77 15 59 Cloudy
CHICAGO 11 52 6 43 Cloudy
COPENHAGEN 17 62 9 48 Cloudy
COSTA DEL SOL 16 59 6 43 Cloudy
DUBLIN 18 57 4 40 Fair
EDINBURGH 13 55 8 44 Fair
FLORENCE 16 59 6 43 Cloudy
FRANKFURT 16 59 6 43 Cloudy
GENEVA 27 77 15 59 Cloudy
HELSINKI 23 74 16 61 Fair
HONG KONG 27 77 15 59 Cloudy
HOUSTON 27 77 15 59 Cloudy
JAKARTA 22 80 11 63 Cloudy
JERUSALEM 26 77 15 59 Cloudy
JOHANNESBURG 27 77 15 59 Cloudy
LAS PALMAS 20 68 7 26 Fair
LIMA 20 68 7 26 Fair
LISBON 20 68 7 26 Fair
LONDON 10 50 7 45 Rain



BOOKS
THE MORDIDA MAN
By Ross Thomas, Simon & Schuster. 284 pp. \$13.95.
THE ANTS OF GOD
By W.T. Tyler. The Dial Press. 278 pp. \$10.95.
Reviewed by Anatole Broyard

THE good writers in suspense fiction tend to get philosophical, as if the spectacle of lawlessness sets them brooding on human nature. Their corpses must have a dying fall. The convolutions of the plot cannot resist a touch of Kafka. The villains are paranoid and the heroes, or anti-heroes, suffer from what R.D. Laing calls "an insecurity of being." Love, in such books, is a frail sanctuary in a predatory world.

THE AMATEUR
By Robert Littell, Simon & Schuster. 252 pp. \$12.95.
By Len Deighton. Knopf. 339 pp. \$12.95.

IT'S a very good season for suspense: Martin Cruz Smith's "Gorky Park," Ross Thomas' "The Mordida Man" and now Robert Littell's "The Amateur." Littell has been admired for "The Defection of A.J. Lewinter" and "The Briefing," but this book is even better. While good suspense novels are usually cool and ironical, this one is remarkably warmhearted. It has another irresistible appeal: Its hero is an amateur in a world of professionals, which means that the book really pits us against them, all the professional them in government everywhere.

BRIDGE
By Alan Truscott
ON the diagramed deal, South had a choice of rebids after a one-spade opening and a response of one no-trump. She bid two hearts, a more flexible action, and continued to game when her partner raised. Three rounds of clubs were led, and South ruffed. There could be, and was, some argument about the best line of play at this point. The line actually chosen seems as good as any. South cashed A-K of hearts, hoping to be able to score the remaining small trumps with ruffs. She cashed the diamond winners and ruffed a diamond successfully. Now she needed to score dummy's seven of hearts. She was safe unless East had begun with three trumps and a doubleton spade.

JUMBLE THAT SCRAMBLED WORD GAME
Dennis the Menace comic strip
Jumble puzzle grid with words: NUIFY, REDEL, ENCOUB, STUMKE

INTERNATIONAL FUNDS
ADVERTISMENT
INTERNATIONAL FUNDS
may 25, 1981
The net asset value quotations shown below are supplied by the Funds listed with the following information: (a) - 12 month interval; (b) - 6 month interval; (c) - quarterly; (d) - irregularly.

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XPD...
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The Mordida Man...
The Amateur...
XPD...

Art Buchwald

What's in a Name?

WASHINGTON — Michael Reagan is outraged because he has been accused of using his father's position as president of the United States to get defense business for a firm he was "vice president" of. He wrote a letter to military installations soliciting contracts, noting that "with my father's leadership at the White House, this country's Armed Forces are going to be rebuffed and strengthened."



Buchwald

Young Reagan was quoted after the flap as saying, "It's just so silly. Somebody else can write a letter to military bases or anybody else, and say my dad's a great president, and I have the press at my doorstep." He maintained that he was being penalized because his father was president, and that he was being kept from making a living.

One can only sympathize with Michael Reagan. But at the same time it's not as easy for a general to ignore a letter from the president's son, as it is one from Arnold Dopplinger, who is trying to get the same contract.

Michael did not have a chance to make a follow-up telephone call after his letter. But the conversation might have gone something like this:

"General, this is Michael Reagan, as in Ronald Reagan. Dad is doing just fine. I talked to him the other day. What I'm calling about is that I understand you're in the market for grommets for our new missiles. As you know, if you got my letter, Dad is intent on getting the military back on its feet, and he told me he is going to insist our grommets be as good as, or better than, any the Soviets are making at this time.

"My company makes the best grommets in America, general. If I say so myself. But I don't want you to consider us just because my father is your commander in chief.

"At the same time I don't want you to not consider us for the contract, just because my dad happens to be president of the United

States and somebody I love and admire very much.

"The decision of where you will buy your grommets rests solely with you. Dad told me on the phone the other day he is leaving the grommet problem to his generals because they know much more about them than he does.

"I want to make it perfectly clear that Dad does not know I'm calling you. If you see fit not to give the contract, I will be personally disappointed but it will have no effect on your future promotion or procurement assignment. Dad doesn't operate that way. That's why I respect him and am proud to be his son."

"Now I know there are lots of firms bidding for your grommet contract and you have to study each one carefully before making your decision. All I'm asking is that you give us the same break you would give any other company when it comes to quality and price. Dad wants the biggest bang for the buck. When I told him at dinner at the White House the other night about the new X-12 grommet we had developed, he became very excited and called Cap Weinberger, the secretary of defense, to ask him what he knew about it. Cap told Dad he was sure you had heard about the X-12 because you were the best procurement general he had.

"I'm in harmony" Now, closely following the record-shattering "Shogun" with his fourth best seller, "Noble House," Clavell muses, "As long as I can relate back to Changi, I have 'em in harmony."

He's got a bandage around his wrist — dislocated by the handshake of an overenthusiastic fan. He proceeds to be tired, to hate the books into his privacy and questions like, "Tell me, Mr. Clavell, have you ever been in Japan?"

But deep down, one suspects, James Clavell is a bit of a ham. Beneath the determinedly British air of world-weariness lurks just a soupçon of pleasure in the notoriety his storytelling gift has brought him.

If you thought the plotting and counterplotting of "Shogun" was hard to follow, well, you haven't seen anything like the plots within plots and deals within deals and wheels in "Noble House." Not to mention assassinations and betrayals, personal and professional. And agents, doubled and redoubled. Sex, sex-

ism and feminism. Guns, drugs and natural disasters. "Noble House" is a novel about modern Hong Kong, continuing the bitter rivalry begun in Clavell's "Tai-Pan" between the House of Straun and House of Brock. Clavell manages to view the action not only as seen by the barbarian Westerners, the "foreign devils," but by the Asians and Eurasians who people the novel, giving it a depth and a texture and a cohesiveness that make it sometimes improbable plot twists perfectly logical.

"Noble House" is 1,207 pages long, 2 1/2 inches thick (not counting covers) and 3 pounds, 13 ounces to drag around, because you can't put it down.

"Sometimes," said Clavell, "I think that Hong Kong only exists when I am there." He goes back to the scene of "Tai-Pan" and "Noble House" with some regularity. And perhaps to confound the existentialists perhaps to convince himself — he has written an analogue of himself into "Noble House," just as he did into "King Rat."

Are you Peter Marlowe? he is asked. There is mischief in his grin. "Before I answer that, you must tell me, is Peter Marlowe a man of heroic proportions?"

"Well, then, in that case — undoubtedly. The best of me is in Peter Marlowe."

No Mistake The character is a writer doing research in Hong Kong for a novel or screenplay, and has been a POW at the Changi camp in Singapore. Peter Marlowe also figured in "King Rat."

It is no mistake that characters from "King Rat" and descendants of characters from "Shogun" keep turning up in "Noble House," which is a sequel, 120 or so years later, to "Tai-Pan."

What happened, Clavell explained, was that, without his realizing it, the research he did for the first three novels led him to the latest. The first two were respectable best sellers. Then came

Harmony in Clavell's Far East

Writer Relates Career to His Prison Camp Experience

By Sandy Rovner Washington Post Service

WASHINGTON — It is not remarkable that James Clavell writes about loss (fate, destiny, luck) or war (harmony).

It was loss, and pretty bad loss at the time, that found the young artillery soldier in Changi, the notorious Japanese prison camp, early in World War II.

It was clearly loss that helped him survive the camp. And more that saw him invalided out of the British Army after the war.

Then, he says, "I had to find something to do, because like most children of military families, I was brought up wondering what anybody did who was 'in the services.'"

So instead of a career as an army officer, James Clavell grew up to be a writer. First screenplays, such as sci-fi's "The Fly." Then, 18 years after the war, his first book, "King Rat," a strongly autobiographical story of Changi.

"I'm in Harmony" Now, closely following the record-shattering "Shogun" with his fourth best seller, "Noble House," Clavell muses, "As long as I can relate back to Changi, I have 'em in harmony."

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James Clavell

his stay in Changi. But with proper British stiff upper lip, he tosses it off with, "I had to change my ways a bit — used to be prone to violence, but have to watch it now. I can't run away, you know."

He has a charming, quiet humor that is often mischievous. For example, he tantalizes throughout "Noble House" with obviously pungent invective in Chinese (several dialects), Russian, Portuguese and Spanish, but rarely translates more than a sense of the meaning. And a casual conversation in "Noble House" will permit a pair of Chinese to discuss whether it is true what they say about Western women.

He faces about his age, saying he is younger than 55, saying he was in California. He also has a country house in England. He has two married daughters.

"After 'King Rat,' Clavell's success was assured. He wrote the hugely successful film 'The Great Escape' and began work on 'Tai-Pan.' But something was wrong. He was out of harmony. And he was drawn back to Changi, the formative experience in his life.

"Such a Shoulder" "The Great Escape" was playing in Singapore theaters when he returned. He stood outside the gate of the former camp. "In the middle of the gate is a smaller gate and it opened and one of the cops there beckoned to me to come in. Before I knew what was happening I'd walked through this little door and it clanged closed behind me and I had such a shudder."

"The Eurasian officer came to me and said, 'Oh, Mr. Clavell, I thought you'd want to come in.' And my hair stood up on the back of my neck."

"How do you know me?" I asked. "Oh," he said, "your picture in the paper this morning."

But it was not that several years later, when Clavell returned once more, this time with his wife and daughter, that he knew at last, "I never need to go back over again."

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